Daily Report

Latin America

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Cuba

U.S. Repatriates Another 13 Rafters Intercepted at Sea

PA1706012695 Havana PRENSA LATINA in Spanish 2015 GMT 16 Jun 95

[FBIS Translated Text] Havana, 16 Jun (PL) — For a second time in less than a week, the United States has returned 13 rafters to Cuba. The rafters were intercepted on the high seas three days ago as they were trying to enter the United States illegally.

The repatriated rafters, including seven men, three women, and three children — all from the central province of Villa Clara — were picked up by a U.S. Coast Guard cutter and brought to Cuba at noon today.

At a pier in the Port of Cabanas, approximately 100 km west of Havana, officials of the U.S. Interest Section received here the illegal emigrants, who were later turned in to authorities from the Cuban Foreign Ministry and the border patrol.

As in the three previous occasions, the U.S. diplomats gave the rafters documents explaining the legal procedures to emigrate to the neighboring nation and stressed, in addition, that their situation did not grant them additional privileges to settle on U.S. territory.

Moments after arriving in Cuba, these persons were transferred to an admission center, where they will undergo an identification process and will be submitted to a physical exam, after which they will be returned to their homes.

At the site, PRENSA LATINA was able to confirm that two of the rafters had been turned in to Cuban authorities by the U.S. Coast Guard in the past weeks, in keeping with the agreement signed by the U.S. and Cuban Governments to normalize their migration relations.

On 2 May, Cuba and the United States signed a joint declaration, according to which all Cubans who are intercepted trying to enter U.S. territory illegally will be returned to their country of origin.

Since 9 May, the date of the first repatriation, until today, 39 people have been returned to the island.

The protocol also allows for Washington's decision to authorize the entry of the Cubans detained at the U.S. Naval Base at Guantanamo, in eastern Cuba, since August 1994 who meet the requirements stipulated by the U.S. migration laws.

In the meantime, Havana has committed itself not to engage in reprisals against those who are repatriated.

Radio, TV Report Refugees' Return

FL1706005895 Havana Radio Rebelde Network in Spanish 2300 GMT 16 Jun 95

[From the "Exclusive" program]

[FBIS Translated Text] In accordance with the U.S.-Cuban migration agreements of 2 May, a U.S. Coast Guard cutter docked at Puerto de Cabanas this morning and dropped off 13 Cubans — seven men, three women, and three children from Villa Clara Province — who had tried to emigrate illegally. U.S. Interests Section officials handed them over to Cuban Coast Guard and Foreign Ministry authorities, as is the usual practice. The aforementioned agreements indicate that anyone who is caught trying to enter U.S. territory illegally and returned to Cuba will not be granted any special privileges to emigrate to the United States. The 13 people were given medical checkups and returned to their respective homes this afternoon.

[Havana Tele Rebelde and Cuba Vision Networks in Spanish at 0000 GMT on 17 June, during the regularly scheduled "NTV" newscast, carry a similar report on the U.S. Coast Guard returning the 13 refugees. Video shows wide shots of the cutter docking and of the refugees — men, women, and children dressed in summer street clothes — walking across the dock and getting on a charter bus, a medium shot of a U.S. Interests Section official speaking to someone off camera, and a wide shot of the bus pulling away.]

Commentary Questions Deutch's Ability To 'Reform' CIA

PA1806201495 Havana Radio Havana Cuba in Spanish 0100 GMT 17 Jun 95

[Commentary by Amalia Sanmartino; from the "Our America" Segment of the "Evening Information Review"]

[FBIS Translated Text] It might seem like a matter of extreme personal cruelty, but it isn't. The omnipresent U.S. CIA has participated in every irregular process that has taken place in Central America in the last 30 years. By irregular, we mean assassinations, attempts against progressive figures, kidnappings, disappearances, intelligence training for armies and police — here we must include torture techniques — and other issues, such as applying pressure on governments to achieve determined results favorable to the United States.

Possibly, some issues may have remained in the inkwell, but the most important issues have been pointed out. However, the CIA has not acted only in Central America. The entire Latin American and Caribbean

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region, all countries and governments, have, at one time or another, felt the hand of that espionage agency upon their shoulder trying, and often succeeding, in changing the course of national plans.

It is no secret that the CIA, through its agents, almost always undercover, has been an interventionist and criminal body. What is wrong is that it has been so for such a long period of time and that, perhaps, it still has considerable weight in the decisions of some governments.

What is good and healthy is that, by President Clinton's orders, this U.S. intelligence agency is now undergoing a full investigation into its undercover operations, for example, in Guatemala, given the repeated accusations against the CIA by international human rights organizations regarding its participation in well-known criminal activities in that country. In what appears to be an established practice, the CIA recruited and paid large amounts of money for the services of high-level officers in the Guatemalan army, among whom Colonel Julio Roberto Alpirez stands out. He is now accused by senators in Washington of having participated in the torture and assassination of two persons — one of these a U.S. citizen — while Alpirez was on the CIA's payroll.

In Honduras, three former policemen told Baltimore's THE SUN that the CIA knew that detained persons were tortured and executed in the country. When one mentions the irregular jobs of the CIA in Honduras, one should not forget a crucial individual, former U.S. Ambassador to Honduras John Dimitri Negroponte, considered a key figure in the CIA's secret war in Central America. Singled out by NEWSWEEK as the coordinator of CIA covert operations in Honduras against Nicaragua, Negroponte now denies any connection with those acts that so identified him in another epoch.

The Attorney General's Office is investigating a number of CIA agents, hundreds of army officers, and two former U.S. ambassadors, including Negroponte, who is now the chief of the U.S. mission in the Philippines. One should not forget that in Honduras the criminal actions of the 316th Intelligence Battalion — a special unit trained by the CIA and Argentine soldiers as a shock troop against the left wing — was regrettably celebrated.

The nefarious actions of the CIA in Central America, its criminal interventions, and the aftermath in the isthmus remind us that President William Clinton recently decided to reform the CIA to improve the image it has left around the world. New CIA chief John Deutch is in charge of cleaning up the organization to present a new CIA before the world. Will he be able to do it? Will he be able to change the CIA's criminal essence?

CANA 'Feature' Recounts OAS, U.S. Positions on Helms Bill

FL1706175895 Bridgetown CANA in English 1723 GMT 17 Jun 95

[From CANA's "Feature" service]

[FBIS Transcribed Text] Washington, June 17, CANA — Two senators running for President have joined with several of their Republican House colleagues in voicing passionate support for a bill that would tighten the economic squeeze on Cuba, saying that is the only way to rid the hemisphere of Fidel Castro.

But Cuban officials say that almost every day they are getting support in their fight against the U.S. blockage of the island, with the list of supporters including Organisation of American States Secretary General, Cesar Gaviria. Cuban officials quoted Gaviria as saying the blockade should be lifted since it is clear that most of the Latin American nations do not agree with such policy.

However, the U.S. Information Service said that in June 14 testimony before the Senate Foreign Relations Committee's Subcommittee on Western Hemisphere and Peace Corps Affairs, Senators Phil Gramm (R-Texas) and Arlen Specter (R-Penn.) called for passage of the bill to reverse what they said was the Clinton administration's move to normalize relations between the United States and Cuba.

Specter, who is also chairman of the Senate Intelligence Committee, said the recent shift in U.S. policy to repatriate Cuban "boat people" back to Cuba, rather than allowing them to continue coming to the United States, "may be a signal" that the administration plans to recognize the Castro regime. The Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, sponsored by Senate Foreign Relations Committee Chairman Jesse Helms (R-N.C.), is a "very important bill", Specter said, for achieving Castro's ouster "at the earliest possible time."

Gramm released a letter to Helms, saying that tightening the economic embargo against Cuba "is a vital tool" in ending Castro's regime. Signs of panic among Castro's dictatorship, Gramm said, "are unmistakable evidence that the embargo is working.

"Rather than relieve that pressure, we must increase it. We cannot allow the freedom tide that has swept the planet to ebb before it drowns Fidel Castro."

Though not testifying in person, Senate Majority Leader Robert Dole (R-Kan.), considered the front-runner among Republican presidential candidates, also released a letter supporting the bill. The administration,

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Dole said, "has found many reasons to oppose strengthening the embargo" against Cuba. "This comes as no surprise," Dole charged, "in light of their...about-face on Cuban refugee policy."

Helms, not shy in his avowed goal to have Castro deposed, called the Cuban communist leader a "blood-sucking tyrant" and said he will do everything possible "to tighten the noose" around him.

However, USIS said Rep. Charles Rangel (D-N.Y.) called Helms' legislation misguided, saying it violates U.S. trade treaties with other countries. Rather than isolate Cuba, he said, Congress should favor "opening the doors of communication" and increasing economic, cultural and educational exchanges with Havana. The United States, he said, is losing hundreds of millions of dollars from the current economic embargo by not exporting agricultural goods to Cuba. Even if the Helms bill is passed, Rangel said, the United States is not prepared to enforce its provisions, which include banning business dealings with anyone who buys U.S. property confiscated by Cuba.

The measure also prohibits U.S. imports of sugar products from countries buying Cuban sugar, blocking international loans to Cuba, and deducting from U.S. aid to Russia the amount Moscow pays Havana. In addition, the bill calls for strengthening U.S. broadcasting into Cuba, and asks the administration to prepare a post-Castro plan for the country.

However, Rangel said the bill would cause the United States "to take on the whole world (because) we don't like Fidel Castro. He is not worth it". When challenged by Helms and Rep. Ileana Ros-Lehtinen (R-Fla.) on whether Castro should be deposed, Rangel responded that he wants all Communists out of power. "If you're commie, you should be out," Rangel said. But Rangel, who fought in the Korean War against the Communist North Korean regime, said he is "not going back to get rid of any more communist leaders myself".

Ros-Lehtinen said the LIBERTAD Act is urgent because a joint-stock company composed of Italian, German, Brazilian, British and Russian firms has offered 800 million dollars to finish the construction of the Juragua nuclear power plant in Cienfuegos, Cuba. She said that if an accident were to occur at this power plant or Castro was to arrange an "incident" there, the radioactive fallout would pose a catastrophic health danger to Cuba, the Caribbean, and the U.S. eastern seaboard. Some 130 members of Congress, Ros-Lehtinen said, sent a letter to President Clinton telling him he must put pressure on Russia to stop completion of the plant. Helms' legislation, she added, "will stop...obscene and immoral investments by those who prefer to make an easy dollar off the backs of the suffering Cuban people rather than stand in solidarity with their aspirations for freedom."

Western Army Tank Unit Stages Maneuvers

FL1706021395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 16 Jun 95

[Report by Marta Moreno; from the "NTV" newscast]

[FBIS Translated Text] Chiefs and combat units of Western Army Tank Unit 1011 have staged maneuvers and tactical combat firing exercises as part of the Revolutionary Armed Forces Ministry's inspection and the conclusion of the troops' readiness process in the current instruction period. Tank Unit 1011 demonstrated during the exercises its high level of proficiency [words indistinct] and small independent reinforcement units in a complex situation. The exercises covered: the rapid deployment of armored personnel carriers, camouflage techniques, precision tank gunnery, use of surface-to-surface artillery, and battling airborne enemy troops with missiles and antiaircraft artillery in coordination with Territorial Troops Militia. Combat against air-lifted troops, defense of fortified positions, ambush and attack organization and execution, disengagement from battle, and restoring combat effectiveness drills were also conducted. The exercises were described in the closing address as positive, and outstanding combatants were awarded incentives.

[Begin unidentified speaker recording] Camouflage and arms control has improved. Above all, everyone demonstrated great ability. [end recording]

Cuba, Ukraine Sign Trade Expansion Protocol

PA1606135095 Havana PRENSA LATINA in Spanish 1702 GMT 15 Jun 95

[FBIS Translated Text] Havana, 15 Jun (PL) — Cuba and Ukraine have reaffirmed their will to increase bilateral relations with the signing of a trade protocol. The agreement is directed at streamlining commercial cooperation between the two countries.

Viktor Petrov, who heads the Ukrainian delegation to the joint government commission, and his Cuban counterpart Ignacio Gonzalez Planas, signed the document yesterday. Gonzalez Planas is also head of steel mechanics and electronics [as received]. The protocol includes the agenda for the commission's first meeting, scheduled for September in Kiev.

The commission representatives will study the need to renew and develop scientific and technical cooperation. The text states that "the current degree of exchange does not represent the true potential of the two countries."

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The document highlights the benefits of "establishing government- level agreements regarding the manufacture and maintenance of tractors, television repair skills for Ukrainian-built sets, and the sale of satellite communication systems."

Upon arriving last Thursday, Petrov met with Cuban Vice President Carlos Lage, Foreign Minister Roberto Robaina, Foreign Trade Minister Ricardo Cabrisas, Public Health Minister Carlos Dotres, and Sugar Industry Minister Nelson Torres, among other leading personalities.

Petrov expressed his gratitude for Cuba's help in treating the victims of the Chernobyl nuclear accident, despite the limited resources the Caribbean nation has and the physical distance there is between the two countries.

The Ukrainian delegation will fly home today. According to Petrov, who is also the chief of the Ukrainian military industrial complex and head of machinery manufacturing, they return with renewed interest in boosting bilateral relations.

Foreign Ministry Spokesman on Upcoming DIA Meeting, Vesco

PA1606134195 Havana Radio Havana Cuba in Spanish 0100 GMT 16 Jun 95

[Report by Isidro Pardales from the "Evening Information Review" newscast]

[FBIS Translated Text] The regular meeting between the Foreign Ministry spokesman and domestic reporters and foreign correspondents accredited in Cuba took place today [15 June]. Rafael Dausa, the head of the Cuban Foreign Ministry's Department of U.S. Studies, was in charge of today's session.

Among other issues, Dausa announced the arrival of several Latin and North American personalities for the so-called Inter-American Dialogue Organization [DIA] meeting on 17 June. They will be in Havana to hold the Second Conference on the Environment within the context of U.S.-Cuban relations.

[Begin Dausa recording] Among those arriving are Former Secretary Elliot Richardson of the Defense Department; DIA Director (Peter Martinez); Peter Bell, a member of DIA and vice president of the humanitarian organization Care; DIA members (Joe Graibaldo) and (Jorge Dominguez); former Ecuadoran President Osvaldo Hurtado; former Costa Rican President Oscar Arias; and [names indistinct] Michael Smith, and [name indistinct], among others. [end recording]

Rafael Dausa said during his meeting with the press on Thursday that Cuban Deputy Foreign Minister Jorge Bolanos will visit Trinidad-Tobago 16-18 June to attend the preparatory meeting for the August summit of the Association of Caribbean States.

[Begin Dausa recording] We also want to inform you that 16-18 June the seminar on Participative Democracy, which, as I announced last week, will be held at the Jagua Hotel in the city of Cienfuegos. This meeting is one more of a series of meetings that have taken place here in Cuba and abroad. In our country, these meetings have been held in Havana, Camaguey, and in Santiago. I might be overlooking a few places, because I believe a fifth one was held in Cuba. They have also been held in Miami, Puerto Rico, and in Madrid. I believe that one of the most important things about these seminars is that they have helped stimulate communications and relations between the Cuban nation and its emigrants. [end recording]

During the session of questions by participating journalists there was interest in Argentinian President Carlos Menem's invitation to Cuban head of state Fidel Castro to take part in the swearing-in ceremonies of Menem's reelection to the post. In reply to one question, Dausa said the possibility is being evaluated and that Fidel Castro's trip to the Argentine capital will depend on his work schedule. Likewise, he was also asked if there had been any U.S. extradition request for U.S. citizen Robert Lee Vesco, who was arrested by Cuban authorities on suspicion that he is a provocateur and an agent of foreign special services, and who is currently under investigation.

[Begin Dausa recording] The Foreign Relations Ministry has not received any official notification from the U.S. Government or, in this case, the U.S. State Department, requesting Robert Vesco's extradition. [end recording]

Robaina Stresses Efforts To Normalize Emigre Relations

FL1706012895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 17 Jun 95

[From the "NTV" newscast]

[FBIS Translated Text] The sixth Seminar on Participatory Democracy opened at the Jagua Hotel, in Cienfuegos, today. Cubans living inside and outside Cuba are participating.

Roberto Robaina, foreign minister and Politburo member, delivered the opening address. Nicolas Rios, seminar promoter and director of Miami's CONTRAPUNTO

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magazine, and (Harold Moeser), representative of Germany's (Hanz Sable) Foundation — the institution that sponsors the event — in Venezuela and the Caribbean, preceded Robaina.

Minister Robaina stressed that the seminars have turned into forums for the exchange of ideas and prove that anyone can discuss any issue in Cuba. Robaina said that efforts to normalize relations with Cubans abroad take precedence over anything related to U.S.-Cuban relations, adding that the call to the Second Conference of the Nation and the Emigre Community demonstrates that there is a genuine desire to continue on that path. Robaina added: Nothing can unite true Cubans inside and outside Cuba like the denouncement and rejection on all fronts of the crime that is being committed against their homeland [words indistinct].

Manuel Menendez Castellanos, Cuban Communist Party first secretary in Cienfuegos Province, and other party and government officials also attended the opening.

Amalio Fiallo, president of Venezuela's Center for the Promotion of Man for Man [Centro Promocion del Hombre pro Hombre], will lead the 16-18 June seminar. Participants include U.S. and Venezuelan residents, as well as academics, representatives of social and mass organizations, teachers, journalists, workers, and other guests from the province and the rest of the country.

Robaina Addresses Democracy Seminar

PA1706155595 Havana Radio Havana Cuba in Spanish 0000 GMT 17 Jun 95

[Report by Barbara Betancourt from Cienfuegos; from the "Evening Information Review" newscast; passages within quotation marks are recorded]

[FBIS Translated Text] [Betancourt] Greetings, friends. If there is something we boast about in Cuba it is that we have, in spite of any shortcomings, a widely participative democratic system, Foreign Minister Roberto Robaina stated as he inaugurated a new seminar on this topic in Cienfuegos today. This seminar was organized by Venezuela's Pro-Mankind Center, under the patronage of Germany's Hans Seidel Foundation.

[Robaina] "We have a democracy geared to society, [words indistinct] of a society. We have a democracy that [words indistinct] participation from administrative discussions to prepare the means of production and [words indistinct] to the weapons to defend this democracy and this society. This society, from its onset, has followed humble ideals, has been led by humble leaders and has worked for humble people, that is, a society of all working for the sake of all [words indistinct]. A democracy, which [words indistinct] to its share of representativeness, also deals with social ideals in the sense that its representatives — who are elected by the people — represent the various sectors of society. We are referring to a social and multiparticipative democracy, which must continue being perfected and in which all, absolutely all of us, have the right and the responsibility to contribute our [words indistinct]."

[Betancourt] Robaina recalled that regarding the previous 15 discussions held, including seminars and workshops, local and foreign participants have turned these meetings into an exemplary exchange of ideas and knowledge for the benefit of a common objective: the motherland.

[Robaina] "I must tell you that many ships came through the door that Cuba opened to seminars and workshops on participative democracy. We hosted a masterful seminar on closer ties and mutual confidence among Cubans. We also had a workshop based on true respect for different ideas, a workshop we based on rationality, flexibility, broad-mindedness, the culture of debating issues, and tolerance."

[Betancourt] Later, Robaina stressed Havana's willingness to talk with anyone, but on the basis of equality, mutual respect, and the clear notion that Cuba's independence, sovereignty, or socialism will never be on the negotiating table. Only by understanding this, Robaina remarked, will people be able to understand why Cuba managed to negotiate with the United States over migration issues and reach favorable agreements for the two parties.

[Robaina] "[Words indistinct] our contacts with this country once again confirms its weakness [pies de barro], not because Cuba made concessions or because the U.S. Government became weaker, as some would like to believe, but because life itself demonstrated the weight of reason over [word indistinct]. We have seen a turnabout in a U.S. migration policy that stood firm for more than three decades. Moreover, in an unprecedented move, we have managed to restore a normal [word indistinct] in which, also for a first time since 1959, the interests of the U.S. nation prevailed over those of a minority of mafiosos of Cuban origin."

[Betancourt] After condemning, once more, the new anti-Cuban bill being discussed by the U.S. Congress, Robaina stated that nothing will unite Cubans — in Cuba and abroad — more than the condemnation of the crime being perpetrated against their motherland.

[Robaina] "This is not even about discussing changes, [word indistinct], democracy, government, economy, opportunities [words indistinct]; everything is at stake. This is about saving independence, saving freedom,

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saving the sovereignty and self-determination of the Cuban nation, and this is a sacred invitation for those who, even far away, have not erased from their minds the whisper of the palm trees, the blueness of the sky and the sea, and the keen enjoyment of the life of their people."

[Betancourt] In another important part of his speech, he referred to the second conference, The Nation and Emigration, slated for next November, as a clear sign of a true resolve to continue with a dialogue.

[Robaina] "[Words indistinct] that enables all of us to assess what has been done and agree on new work guidelines not only with a view to the recent events, but particularly to that day — ever so near — when the nation-emigration relationship will flow over a totally normal course. Once again, we must be clear that on this path we have embarked upon, we must not only answer many questions by the emigrants, but before that, there are much more complex and strong questions we must answer: we must explain to our people what this path involves and where it will lead us. These are, my friends, the demands of having a truly participative and social democracy, in which the major decisions must be discussed with those who constitute the majority."

[Betancourt] At the end, he noted that Cuba will continue with its goal of making its economy more efficient and perfecting its true democracy, making it increasingly participative and geared toward representing the true interests of most Cubans. This is why whenever they ask us what we will do, we will reply: we will continue.

Amalio Fiallo, president of the Pro-Mankind Center; and Nicolas Rios, director of the magazine CONTRAPUNTO, also spoke at the opening. Another speaker was (Gerald Moser), the Hans Seidel Foundation's representative for Venezuela, the Caribbean, and Cuba.

They spoke plainly. They also want to produce a clear dialogue at this seminar. They spoke with a spirit of unity that became evident in the greetings given to a local authority.

Orlando Freire, member of the Cienfuegos provincial politburo of the Communist Party of Cuba, said: We do not doubt the existence of a pardon, but none of the parts is entitled to grant it or deny it. What we can do is to maturely understand today's challenges and work for the supreme objective of keeping this Cuban land in which we were born Cuban.

At the conclusion of the opening, Cuban Foreign Minister Robaina said during a meeting with local, national, and foreign journalists that the island's authorities are always prepared to talk with fellow Cubans who live out of the country but have maintained a position of respect and understanding for the project the nation is defending. This affirmation was in response to statements of concern over the participation in the seminar of Eloy Gutierrez Menoyo, president of the Cuban Change group, with whom Robaina met in September of last year in Madrid, considering Menoyo to be one Cuban emigrant who has demonstrated respect and understanding.

In saying this, he disqualified those who have been described by the international media as the domestic opposition. This domestic opposition has lost credibility and the qualifications for negotiating with Cuba because it has earned its credentials by defending positions in which the majority of the Cubans are not interested and that respond to the interests of the government that is blockading our nation, Robaina said.

Regarding statements by former Costa Rican President Oscar Arias about Cuba's obligation to speed up and deepen its economic and political transformations, Robaina said Havana respectfully listens to opinions, but prefers to listen to the opinion of people after they visit the island. Opinions given after knowing the true situation of my country will be more objective, Roberto Robaina said.

'Straight Talk' on Juragua Nuclear Plant

FL1706132195 Havana Radio Rebelde Network in Spanish 1600 GMT 15 Jun 95

["Straight Talk": Studio discussion between program host Osvaldo Rodriguez, from BOHEMIA magazine, and Fernando Davalos, from Radio Taino; date not given — live or recorded]

[FBIS Translated Text] [Rodriguez] Radio Taino's Fernando Davalos and I today will consider the latest offensive against the Juragua nuclear plant.

Why stage this offensive? Everyone knows that Cuba's financial and economic problems have brought plant construction to a halt.

[Davalos] Cuba has contacted several prestigious firms worldwide and is about to conclude a feasibility study on completing the Juragua nuclear plant. This is fueling the Miami-based campaign. We are close to solving a problem: This is the reason for this markedly political offensive against Juragua. They may criticize Cuban technology — they say that it is a bad project and that Cuba is incapable of handling nuclear issues — but this is clearly a political campaign, nevertheless. It is truly just one more counterrevolutionary campaign against Cuba.

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[Rodriguez] Perhaps we should discuss Juragua's comeback before getting technical. How will this plant benefit Cuba? How can construction continue when Cuba, despite signs of future recovery, is still suffering an economic crisis?

[Davalos] Financial troubles brought Juragua construction to a halt. Plenty of money has been spent on it....

[Rodriguez, interrupting] This is why I said that there were financial and economic problems. The financial problems of others had an effect on the project, as well.

[Davalos] Precisely. This industry is vital to Cuba. The Juragua plant will save 2 million tonnes of oil.

[Rodriguez] At current world market prices, 2 million tonnes of oil could finance a portion....

[Davalos, interrupting] It would be enough to pay for the electricity produced when it is operational. We would pay the companies associated in a joint enterprise. This is the only way to complete Juragua: Cuba does not have the money to complete it alone. I believe that the commander in chief proposed establishing a transnational enterprise made up of several companies to provide money, resources, and technology to complete Juragua — which we will repay later with the savings in oil — several years ago. We would be freeing ourselves somewhat from the oil oppression and tyranny that we endure nowadays, when we have to buy at world market prices.

[Rodriguez] Fluctuating prices, I might add.

[Davalos] Prices do fluctuate; they rise and fall, yet they remain high.

[Rodriguez] They have a tendency to rise.

[Davalos] They do. As we said several days ago, oil is a nonrenewable resource.

[Rodriguez] Indeed.

[Davalos] The nuclear plant is good business for Cuba. A feasibility study is being conducted on how the companies will function as an association. Italy, the UK, Brazil, and Russia are involved. Siemens technology....

[Rodriguez, interrupting] From Germany.

[Davalos] Yes, it is a renowned German enterprise. It would seem from preliminary findings that the project is viable.

[Rodriguez] We can pay for the electricity with the 2 million tonnes of oil that we will save. The electricity that a nuclear plant produces is much cheaper: One kilowatt costs less, so prices are lower.

[Davalos] You must realize that reactors and oil plants differ in that one cannot be turned off merely with the flick of a switch. There is no stopping them once they are activated.

[Rodriguez] Nor turn off the firing unit.

[Davalos] Yes. The technology differs. Keep in mind that the plant is not in Havana or the eastern provinces but in the heart of Cuba. It will be important to this area. It is also a very efficient plant. The technical aspects must be addressed here, even if only as a secondary issue. The technology is advanced. Finland is home to one of the best nuclear plants in the world. It uses the same technology.

[Rodriguez] The Juragua nuclear plant is the target of yet another anti-Cuban campaign. The USSR's techonological reputation, particularly when it comes to reactors, suffered following Chernobyl. We may remember Chernobyl, but don't forget that there was also an accident in Pennsylvania.

[Davalos] There have even been accidents at that Florida nuclear plant. Clearly, accidents can happen anywhere.

[Rodriguez] Don't forget the infamous toxic leak in Bhopal, India.

[Davalos] Involving a U.S. company and high technology.

[Rodriguez] Propaganda is very powerful. Chernobyl was clearly a tragedy for the Soviet people, particularly Ukraine. Cuba has treated many children harmed in that accident. It might benefit listeners to know how the type of reactors being built in Cuba and the ones in Chernobyl compare.

[Davalos] They are not being built in Cuba: They will be installed in Cuba. Some people believe that this plant will be just like the one in Chernobyl. These people either listen to Radio Marti a bit too much or are not up to date. The technology used at Chernobyl is obsolete and ancient. The technology used on the (Weber) reactor is some of the best in the world and not of the type used at Chernobyl. One of the best nuclear plants in the world, in terms of efficiency and safety, is the (Weber) reactor in Finland.

[Rodriguez] The Soviets built it.

[Davalos] The Soviets built it. It is in perfect working order. The conventional reactor here is of the same type. The claims of U.S. legislators with a remote Cuban ancestry — Ileana Ros-Lehtinen and Lincoln Diaz-Balart — are groundless. It is a different kind of technology.

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[Rodriguez] I remember that the errors at Chernobyl and Pennsylvania were not technical — technology is usually blamed — but human in nature. There was no discipline; personnel on duty failed; operators on duty made the wrong decisions. There is a safety net here, at the Juragua nuclear plant, and at other plants being built worldwide.

[Davalos] They are buying safety nets. The highly efficient Siemens will ensure that none of this happens.

[Rodriguez] The way I understand it, a computer will take control at the first indication that there has been an accident. This eliminates the potential for human error. The computer takes control and executes primary functions in accordance with the variables in its program and depending on the type of accident. Humans retake control later. Another feature of the Juragua nuclear plant that differs from Chernobyl is the dome that will be built over the reactor.

[Davalos] Building a dome is quite a technological feat.

[Rodriguez] Right. It is a monolithic block of reinforced concrete that can withstand even the worst case accident....

[Davalos, interrupting] A plane crashing into it.

[Rodriguez] A plane crash or....

[Davalos, interrupting] A tsunami.

[Rodriguez] A tsunami, which Cuba does not normally see....

[Davalos, interrupting] An earthquake.

[Rodriguez] An earthquake. The computer would take immediate control in the event of an earthquake. I truly believe that the plant and its construction are extremely secure. It is important to stress that.

[Davalos] Yes. Construction has been rigorous, meeting world safety standards every step of the way. This is not a Soviet or Russian invention. There are international guidelines for constructing various types of plants. Cuba has rigorously met these requirements. Don't just take our word for it: Technicians from other countries; experts from the International Atomic Energy Agency [IAEA] who have visited Cuba; IAEA Director General Hans Blix, who toured the Juragua plant; and U.S. technicians who visited Cuba several years ago can all attest to this. Cuban technicians visited plants in, I believe, Florida or the Carolinas.

[Rodriguez] This new anti-Cuban offensive is full of holes. We must also stress that quality control is paramount with every step taken at Juragua. Every weld is subject to X-ray to determine quality. The results are recorded in the project's file.

[Davalos] There is ample proof of Juragua's safety.

[Rodriguez] You mentioned the IAEA inspection of the plant, when technicians, specialists, U.S. nuclear plant operators....

[Davalos, interrupting] We allowed them to come and see, but we also told them that we would do the same.

[Rodriguez] Right. It should be an exchange.

[Davalos] I believe that it happened in 1989.

[Rodriguez] We must say that U.S. experts do not participate in the campaigns against Juragua.

[Davalos] Of course not. It is a matter of two or three traitors without any technological credibility — as far as Cuba is concerned — staging a show in Miami.

[Rodriguez] One of them is a very young lad, who calls himself....

[Davalos] I believe that he is a soldier.

[Rodriguez] There is also an engineer, who fancies himself an expert on the nuclear plant.

[Davalos] It is part of their show. They know or sense that we are solving this particular problem. Moreover, we are solving it with the Russians and are taking advantage of modern world technology.

[Rodriguez] They are trying to obstruct this new path to solving our problems.

[Davalos] They are throwing a tantrum.

[Rodriguez] Unquestionably. We will be free — perhaps not completely, but we will be somewhat free — of burdensome electrical outages. We will be able to open industries which are not operational nowadays due to energy shortages. In addition, we will begin to solve some other problems when the first reactor begins to work.

[Davalos] The Revolution has been very far-sighted with regards to nuclear power and has trained many high-level technicians and experts who have worked in nuclear plants in the USSR. Also, taking care of the Chernobyl children has increased their knowledge to treat this kind of health problem. Cuban doctors have become highly trained. We even helped Brazil during the (Joia) nuclear accident involving cesium, which injured many people. Cuban doctors know how to treat these cases.

Cuba also has many experts working in research centers on the peaceful use of nuclear power. Cuban citizens can take heart knowing that what the enemy is saying is not true.

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[Rodriguez] Since you are stressing training, we should also add some criticism. I believe that after training so many good experts, we have not been able to maintain cohesion. I have found that sometimes experts in the nuclear and other sectors are doing other jobs; thus, Cuba is not taking full advantage of their intellectual capabilities.

[Davalos] It is true. This came as a result of the economic crisis that Cuba confronted in recent years, but the situation has gradually improved and continues to improve.

[Rodriguez] Yet, Juragua construction workers have remained united. When the project takes off, we will probably find the same original workers completing it, with skill and high quality.

Role of New Agricultural Inspectors

FL1606124195 Havana Radio Rebelde Network in Spanish 1600 GMT 14 Jun 95

["Straight Talk" program with host Osvaldo Rodriguez and guest Ana Margarita Gonzalez]

[FBIS Translated Text] [Rodriguez] What is this new group of inspectors? What do they have to inspect?

[Gonzalez] We are going to talk about a very specific group of inspectors. It is a new group of inspectors who are experts in agriculture and there is one in each of Cuba's municipalities. They have been called by the minister of agriculture: My inspectors. He hand picked these men himself. These inspectors report any abnormal situation in Cuba's agriculture directly to the minister.

[Rodriguez] I don't understand a thing, not a clue! Does this mean that the minister of agriculture created a group of inspectors who report directly and only to him and are out there on the fields from Maisi to San Antonio?

[Gonzalez] They report only to him and no one else can interfere in their work.

[Rodriguez] This must be a large group of people. How many in all?

[Gonzalez] There are 169 inspectors, one for each Cuban municipality.

[Rodriguez] One in each municipality. What do they do?

[Gonzalez] What I just said, they inform the minister of any abnormal situation in agriculture, from poor planting procedures to a corrupt manager. They report on anything that is not being done properly.

[Rodriguez] This is a very interesting system for finding problems in agriculture. It has been said many times in Cuban media and by many cadres that there are problems in agriculture. What are the tasks of this new group of inspectors; what is their job? Who are these people; are they experts? Tell me a bit more about these people.

[Gonzalez] It was Alfredo Jordan's secret. Agriculture Minister Alfredo Jordan believed that he needed someone who could inform him of what was happening — good and bad — in Cuba. He came up with this idea and he did not inform any of the cadres or anyone else in the ministry. He asked for a person from each municipality who had the necessary knowledge: who could explain situations, give ideas, who was able to give the farmers technical help, could help the Youth Labor Army, state farms and all others. He is a person who is involved in every aspect of agriculture, wherever there is a plant being grown or livestock that man cares for.

[Rodriguez] Does it matter whether it is a state farm or a cooperative?

[Gonzalez] No, it does not matter at all. The inspector is involved with it all.

[Rodriguez] What type of authority does he have?

[Gonzalez] Currently, they are being given the necessary authority to impose fines for any type of infractions in the agricultural sector.

[Rodriguez] Does the inspector have the necessary authority to give orders in a state farm or to the farmers? Are his decisions upheld? Can he make decisions? These are the questions I would like to ask because the situation is a bit strange.

[Gonzalez] The inspector can give suggestions, but he cannot make decisions because the inspectors are not an organization. The inspector can give suggestions. For example, if tobacco is being planted incorrectly — the crop is being planted in bad soil, or at the wrong distance, one plant from another — or maybe coffee is being collected before it is ready — the inspector can have the work stopped until it is done correctly. He can give orientation on how the job should be done because he has the technical knowledge to do so.

[Rodriguez] This is in the state farms, but what about the private farms? What authority does he have in the private sector?

[Gonzalez] The same.

[Rodriguez] He has the same authority. I think this is something very new and I think it will do away with certain amount of bureaucracy in the agricultural sector — which has been pointed out in many occasions — even the ministry itself has stressed the need to reduce

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the statistics that are being handled. Has this new group of inspectors already achieved results?

[Gonzalez] These inspectors do not keep statistics nor can they replace statistics. However, they could replace other things. I think they have already obtained positive results. Through them we are now aware of things that are happening in agriculture. We had some idea of what was happening before, but there was no exact information concerning where and who were doing things wrong.

[Rodriguez] I would like you to continue giving more information on these inspectors' tasks, the results that they have obtained, and if you have any anecdotes to share with us.

[Gonzalez] I think this group of inspectors has already become some people's worst nightmare.

[Rodriguez] Why?

[Gonzalez] If I were to be doing something wrong now, I would be going to bed at night thinking that the next day the inspector might catch me. There are people who no longer speak to the inspector. Some people have gotten very angry because this new group of inspectors was created.

[Rodriguez] If there is someone angry with an inspector, it is because he is doing his job.

[Gonzalez] It is understood that the worse people speak about an inspector, the better job he is doing.

[Rodriguez] Well, at least those who are at fault will be speaking badly about the inspector.

[Gonzalez] Yes, that is right. We have the cases of Ciego de Avila and Sancti Spiritus Province, where revolutionary measures have been implemented with regard to the inspectors. You just asked me about the inspectors' status. In reply I can say that an inspector could also be the head of the province's potato production sector.

[Rodriguez] Doesn't that make him judge and jury at the same time?

[Gonzalez] No, not really, because he carries out a technical task. There have also been cases were these men have not been replaced in their previous jobs. These inspectors are the best in each municipality, and in some cases it has been very difficult to replace them in their jobs. Currently, they are being paid the same salary they had previously. Most of the new inspectors do not have vehicles. However, in Ciego de Avila Province, they were allowed to keep the same vehicle they had been using, whether it was a motorcycle, jeep, or bicycle. Sancti Spiritus Province has also implemented the same system and in some cases they have given the inspectors motorcycles. Currently, the agriculture ministry is trying to obtain bicycles and assign them to the inspectors. Just imagine, each inspector has to travel a lot of kilometers to be able to see what is happening. As you know agriculture in a municipality is very diverse. There are municipalities which grow coffee, livestock, produce honey and miscellaneous crops, and have mountains and plains. That gives the inspector both a diversity of agricultural products and a wide area to cover. He must be completely aware of all the problems. However, there are problems that the inspectors have not caught and other people have discovered.

[Rodriguez] Of course, for one man alone it is very difficult to see everything in a municipality. You said that for some people these inspectors have become a nightmare. Do you have any anecdotes?

[Gonzalez] Yes, I think that the case of the inspector in Baracoa Municipality [Guantanamo Province] is a good example. In a meeting the other day, he was saying that he had to hitchhike to a meeting because some people, who are not in the agriculture ministry, did not want to take him. He had to hitchhike quite far.

[Rodriguez] I can just imagine how unpopular this inspector must be because he does not bow to any manager or delegate.

[Gonzalez] That's right, he answers only to the minister of agriculture. They write to him; they do not call him on the phone — their conversation could be overheard — and they do not send a telex or type out some sort of report. They make sure that their information is heard first by the minister himself. The minister then makes a decision, according to the information he has received from the inspector.

[Rodriguez] Very, very interesting.

[Gonzalez] The inspectors have already detected problems. For example, they have strongly condemned the fact that the agricultural sectors's land distribution center (fondo de tierra) is not used adequately. There are many things that we Cubans have heard, but now these inspectors are pointing them out. There are many areas covered by weeds which could be prepared for growing miscellaneous crops and livestock.

[Rodriguez] Fertile areas.

[Gonzalez] Yes, because people who know about agriculture say that weeds give the land nitrogen and this helps to make it more fertile.

[Rodriguez] Ana, in your opinion why did the minister of agriculture form this new group of inspectors?

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There is already an existing system and it has been around for quite some time. There are enterprises and delegations, information should be circulating on a regular basis. There are statistics and there are administrative mechanisms that already exist. Why create this group of inspectors?

[Gonzalez] I think those mechanisms are mere bureaucracy.

[Rodriguez] Bureaucracy?

[Gonzalez] Yes, bureaucracy. There is a large number of people who are involved in this, in every municipality and province. However, I think that...[changes thought] It is something that is being reformed right now. There will be a process, but I do not want to get ahead of myself. In agriculture there must be a decentralization of tasks and a restructuring of the provincial delegations. Provincial delegations are made up of thousands of people, some of whom could be carrying out important tasks in the enterprises. They could be engineers or head of the farm. That is what they studied for, however now they are being underutilized in the municipalities and the delegations. Even here in the ministry, I think there are far too many employees. I think it should be reduced by one half or even more. Bureaucracy sets in when a report must be compiled from weekly, biweekly, and monthly reports. All these things drain vitality, vigor, and quickness from information that the minister needs to carry out his tasks, which by the way he is using very well. I remember that during a national meeting on livestock — that is were I found out about the inspectors — the minister had two sheets of paper on which agriculture's fundamental problems, for each municipality the previous month, had been summarized for him. The minister now has first hand reports of what is happening, therefore he can make quick decisions to resolve problems.

[Rodriguez] Without doubt, we must attack bureaucracy within agriculture. Well, truly bureaucracy has taken over Cuba and is being fought against in every sector. Today we are talking about agriculture and I think we should make reference to bureaucracy within our agriculture. Furthermore, it is something that is at the same time visible and hidden. We cannot say that these efficient comrades — if they were working at the farms — have become bureaucrats. The new structure that is being implemented in Cuba's agriculture will transform a large number of the state's enterprises in to basic cooperative production units. I would ask, is the current enterprise or delegation still useful? Should the current structure disappear, or maybe it should be simplified? I agree with you. During the last seconds of the program I would like you to give your ideas on this newly formed group of inspectors.

[Gonzalez] I think this group of inspectors has a great future. They are carrying out a task, extending agriculture, which has been mentioned very little to date. They are introducing new scientific advances in agriculture, which is another part of their job. They are implementing scientific achievements by our institutions and scientists, an area in which we have great potential.

[Rodriguez] Many thanks To Ana Margarita Gonzalez.

Roundup of Economic Developments

FL1706153795

[FBIS Editorial Report] The following is a compilation of reports on Cuban economic developments monitored through 17 June.

According to a 13 June, Havana-datelined item, the Cuban Government today added 18 new occupations and activities to the self-employment sector. Among the new occupations are minor household appliance repair, translator, driving instructor, etc. The tax rate for individuals who provide these services is between 20-80 pesos monthly (equivalent to the same amount of dollars, according to the official exchange rate). (Havana PRENSA LATINA in Spanish 1212 GMT 13 Jun 95) Over 1,000 Guantanamo families have returned to rural areas in recent months, stemming the so-called negative tide of people moving into the cities. These families will cultivate coffee, coconuts, and cacao — the so-called pillars of the mountain economy — on approximately 800 caballerias that lay fallow for several years. (Havana Radio Rebelde Network in Spanish 1155 GMT 9 Jun 95)

The Agriculture Ministry reports that Granma Province produced 13 million liters of milk in the first five months of 1995, two million liters less than during the same period in 1994. The regional drought is to blame for the drop in production. Milk production has increased over the last few days as the rains increased. (Havana Radio Rebelde Network in Spanish 2300 GMT 12 Jun 95)

The British Embassy plans to invest $230,000 in development projects in Cuba. Cuba is considering the projects, including one that would establish a reseach center to train linguists and one that would include constructing a water tank in Havana. (Havana Radio Rebelde Network in Spanish 1700 GMT 15 Jun 95)

UNESCO has shipped five million notebooks to Cuba for the upcoming school year. (Havana Radio Rebelde Network in Spanish 2300 GMT 15 Jun 95)

Fish farming ponds in natural reservoirs, canals, and other sources dedicated to fresh water fish production

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in Ciego de Avila Province have increased to more than 24,700 hectares. Production has increased from 267 tonnes in 1984 to 1,101 tonnes in 1994 but still falls short of demand in the province. (Havana Radio Progreso Network in Spanish 1100 GMT 16 Jun 95)

One of Panama's largest airlines inaugurated its Panama-Havana route today. Approximately 125 passengers, including many Panamanian, Colombian, and Peruvian tour guides, arrived in Havana on board the flight. (Havana Radio Rebelde Network in Spanish 2300 GMT 16 Jun 95)

Haiti

Ex-Nun, 'Henchmen' Attack Villagers in Artibonite

Port-au-Prince Signal FM Radio in French
1030 GMT 15 Jun 95

The Platform of Haitian Human Rights Organizations [Plate-forme des Organizations Haitiennes de Droits de l'Homme, POHDH], denounces reprehensible acts committed in the Artibonite Valley against peaceful citizens. The POHDH has denounced the acts of violence committed against the residents of Conseiller, 5th communal section of Perodin, in the Artibonite Valley, by a group of indivuduals linked to the military and to the former regime. In a 12 June communique, POHDH says it is worried about the situation currently developing in Conseiller, where armed men in the pay of an ex-nun [ex-religieuse], Mme. (Judith Clerfont), pillage, ravage, burn, and wound the inhabitants of Conseiller, driving them off their property.

During an expedition last 28 May, individuals armed with machetes and other weapons and acting on behalf of Mme. (Clerfont) hacked to death with machetes a man in his eighties named Olivier (Julienna) and a 70-year old man, (Semalisse) Augustin, after having set fire to the victims' properties and carried off a number of heads of livestock — reports the POHDH. A number of other victims had to take refuge in the woods in order to avoid being done in. While condemning the impunity enjoyed by Mme. (Clerfont) and her henchmen, the POHDH asks the Justice Ministry and the Public Prosecutor to immediately take a stand on this matter and to take all necessary measures in order to put an end to the repression in the area and arrest the guilty parties and bring them to trial.

Jamaica

Patterson Orders Soldiers Into Troubled Kingston Areas

FL1606195995 Bridgetown CANA in English
1944 GMT 16 Jun 95

[FBIS Transcribed Text] Kingston, Jamaica, June 16, CANA — In a bid to quell an upsurge of gang violence in downtown Kingston, Jamaica's Prime Minister, Percival Patterson, has ordered that the troubled areas be "saturated" with police and soldiers.

In addition, a statement from the Prime Minister's office said, a "visible" security presence will be maintained in the shopping districts of downtown Kingston and the streets will also be kept clear of unauthorised vendors.

The move by the Prime Minister followed a two-day lockdown of stores in the downtown Kingston area by the business community on Wednesday and Thursday, in protest against the violence which has left dozens of people dead in recent months. The criminal activity appears to have escalated in recent weeks and members of the business community were particularly incensed by the murder of one of their number, wholesaler Lloyd Hoo Mook, who was gunned down by robbers last week.

The streets of downtown Kingston were back to "near normalcy" Friday, with businessmen re-opening their stores following Patterson's announcement late Thursday.

Business leaders suggested this week the army be called out and that unauthorised vendors be removed from the streets. They say the street vendors provide a cover for criminals and hinder the mobility of the police.

Patterson, who holds ministerial responsibility for the army, said the increased security presence would include the deployment of additional police officers and soldiers — an increase in police patrol vehicles as well as armoured units. General surveillance would be increased by security personnel on foot and in mobile patrols, he said.

The Prime Minister said that a number of individuals had been identified as the main perpetrators of crime in the downtown area and that warrants had been issued and "a vigilant and intensive search" mounted for their "apprehension and arrest".

Patterson said that "an operational plan" was agreed on at a meeting with National Security Minister Keith Knight and leaders of the police and army, Thursday.

Plans to improve socio-economic conditions in chronically depressed sections of the city's downtown would

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be presented to cabinet soon, the Prime Minister said in his statement.

Clinton Supports 'Retention of Preferential Access'

FL1806210495 Bridgetown CANA in English 1649 GMT 18 Jun 95

[FBIS Transcribed Text] Kingston, Jamaica June 18, CANA — U.S President Bill Clinton has written to Jamaica Prime Minister Percival Patterson assuring him that Washington supports retention of preferential access for Caribbean bananas despite its protests to the European Union banana regime. In a letter, Clinton said he was "very sensitive" to the importance of bananas to the Caribbean economies.

"Our objectives in the Section 301 action are to encourage the EU to adopt a regime that allows Caribbean nations to continue (selling) to Union market, retaining preferences for Caribbean bananas, but not discriminating against U.S. banana marketing companies," said Clinton.

The letter was a response to a strongly worded one from Patterson last month, urging the U.S. to cease its attacks on the European Union's banana regime, which favours African, Caribbean, and Pacific (ACP) bananas. Caribbean and other ACP banana-producing countries are worried about the survival of regional banana economies. This follows the decision of the U.S. Government, under pressure from large U.S. banana-producing multinationals operating in Central America, to launch an investigation under Section 301 of the U.S. Trade Act to determine whether American commerce was being hurt by Europe's concessionary treatment of ACP bananas.

Clinton said: "The U.S. believes both goals can be met as we seek to resolve this problem with the European Union." He told Patterson: "I appreciate your concerns and hope you will keep me informed of your views on this important issue."

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Zedillo Addresses Businessmen on Economy

PA1806121395 Mexico City LA JORNADA in Spanish 16 Jun 95 p 53

["Stenographic version" of speech by President Ernesto Zedillo at the close of the 17th Regular General Assembly of the Business Coordinating Council in the Adolfo Lopez Mateos Room of Los Pinos in Mexico City on 15 June]

[FBIS Translated Text] Mr. Hector Larios Santillan, incoming president of the Business Coordinating Council [CCE]; Mr. Luis German Carcoba, outgoing CCE president; Messrs. Members of the CCE Board of Directors; Ladies and Gentlemen:

It gives me great pleasure to receive you here today and to have the opportunity to greet the members of the board of directors of the business sector's foremost coordinating entity.

I want to pay a very special tribute to Luis German Carcoba for his important work. He was always ready to join the cause of the country's collective interest and to promote the legitimate interests of the business organizations that make up the CCE.

I also want to wish Hector Larios Santillan great success in this new period he is beginning at the helm of the CCE. It is the desire of the government of the republic that we work together, always looking toward the development of our country.

Our first task is to remain determined in our efforts to overcome the crisis and establish strong foundations for sustained and sustainable growth. That is a basic objective of the National Development Plan. Our generation is obligated to promote the vigorous economic growth that can generate the high-paying jobs society requires. Attaining that growth involves consolidating the steps to overcome the financial crisis.

Everyone's effort will be required to fully overcome the crisis. By putting the work and resolve of all production sectors and government institutions together, we will overcome the economic obstacles.

To achieve sustainable growth, it is indispensable to fulfill all phases of the Adjustment Program in the short term. We have confirmed that the program is appropriate and that we are moving in the right direction. It is essential to maintain the discipline of our effort until we have accomplished our goals. Slowing our pace would mean wasting the great efforts of the past months. Every step forward, every positive result we achieve must be an incentive to redouble our task.

You know about the progress made in correcting the deficit in the foreign trade balance. During the first four-month period, we registered a surplus of $1.34 billion in the foreign trade balance. You know about the progress made in strengthening public finances, which reflects a real 80 percent increase in the surplus of the public sector. You know about the favorable evolution of the profile of our external obligations, especially the reduction in the balance of Tesobonos [Treasury Bonds] from $29 billion in December to about $10.5 billion today. You know that in May we began to experience a slowing of prices increases, which went from 8 percent in April to 4.2 percent in May. You know that improvements in all these indicators have resulted in a significant alleviation of pressure on the financial and foreign exchange markets.

Everyone's effort is yielding results, and it is the best proof that we must persevere in the economic adjustment program with all discipline. Fulfilling the adjustment program is not a dogma, it is a condition that is proving its effectiveness in overcoming the crisis. As we accomplish the established goals, we will be able to initiate support and action programs in favor of the production infrastructure, workers, and consumers. These actions involve taking tax measures, executing public spending, financing development banks, and promoting the construction sector.

As for tax matters, as we had announced, a decree will be issued to maintain a zero value-added tax rate for the production and marketing network of processed foods and medicine. This measure is intended to protect the liquidity of businesses in these sectors.

To benefit credit card holders, I have instructed the Finance and Public Credit Secretariat to issue a general resolution that the VAT be applied only to real interest and not, as is the case currently, to the yield's inflationary component. This will eliminate the double taxation that is negatively affecting credit card holders.

As of next month, the Finance and Public Credit Secretariat will considerably reduce the time in which credit balances are returned to taxpayers, especially from the VAT. The balances will be returned, on average, in less than half the time previously allocated. Furthermore, to enhance the liquidity of taxpayers who have fiscal debts, the Finance Secretariat will initiate a program that will allow taxpayers to take advantage of the maximum deadlines allowed by law to restructure their debts.

With regard to the utilization of public expenditures, the federal government will back the purveyors and contractors who work with the public sector by increasing the percentage of its advance payments on the total value of the contracts.

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Today I have instructed the corresponding officials to pay overdue debts as promptly as possible.

For its part, the Communications and Transport Secretariat will implement a special program that will use intensive manpower to provide maintenance for rural roads. The program will spend a total of 300 million new pesos and will create more than 120,000 jobs in the next six months. It will also ensure that more than 50 percent of the rural road network receives maintenance. This program is in addition to the emergency job program that began last March in coordination with state governments.

Regarding financing, the development banking sector will expedite the operation of the Program to Reorganize Portfolios based on Investment Units, or UDI's. The first phase of this program will reorganize a total of 7.700 billion new pesos in loans.

In this endeavor we will give priority to the micro and small firms that are economically viable. For its part, the National Finance Bank will initiate a support program to grant working capital to micro, small, and mid-size firms for a total of 2 billion new pesos.

In coordination with the National Banking and Securities Commission [Comision Nacional Bancaria y de Valores], the development and commercial banking sectors will implement a program to reorganize the debts of distributors [empresa de factoraje] and rental firms that are not part of financial groups.

Regarding the agricultural portfolio, FIRA [Trust Institute for Agriculture] will continue its financial reorganization programs to back producers who have been negatively affected by adverse weather and who are included in the existent loan portfolios of debtors with liquidity and loan payment problems.

In addition, FIDEC [expansion unknown] will initiate a program to back commercial and service companies that will cover approximately 90 percent of its patrons.

In regard to backing the external sector, we will extend a budget increase that will allow Bancomext [National Foreign Trade Bank of Mexico] to bolster its efforts to support and promote foreign trade.

In addition to those measures, a special program will be announced next week to strengthen families' liquidity with mortgage loans, to boost housing construction, and to expedite the completion of houses still under construction.

The objective is to significantly help the housing sector, which is one of the biggest job generators and also one of the sectors that has suffered the most during this crisis.

All these measures will improve the liquidity of firms and individuals and conform to the guidelines of strict fiscal and budget discipline established in the Adjustment Program.

The adjustments to the financial variables are necessary, compatible, and useful to effectively back our productive sector. Our collective objective is very clear: to create the necessary conditions for lasting economic growth that will generate more and better paying jobs in a setting of greater productivity and competitiveness. Thus we advance to overcome the financial crisis.

We all know it is not feasible to have sustained growth with high inflation, steep interest rates, and international current account and public finance imbalances.

Companies require a healthy, stable economic climate to plan their investment and expansion strategies. Financial stability promotes internal savings, which is a necessary element to have favorable financing for investment.

Without neglecting immediate difficulties and problems, ours is a medium- and long-term strategy to promote the sustained growth our country requires. That is why the National Development Program includes the strengthening of internal savings as a base to finance growth. This is indispensable to avoid the reoccurrence of a crisis that has caused regressions in terms of stability, jobs, and especially in our social welfare.

Examining the last two decades in perspective, we conclude that the lack of domestic savings has been the common denominator of the recurrent financial crises in our country and the main cause of economic stagnation.

The National Development Plan has been prepared with the premise of offering a clear and viable strategy for growth, a strategy based on domestic savings and productive investment.

By following the strategy outlined in the plan, we will avoid falling once again into an economic crisis, because the basis for financing national development will invariably be domestic savings. In any case, a possible current account deficit will be maintained at manageable levels and will be principally financed with long-term resources.

The crisis will not reoccur because we will apply a macroeconomic policy based on healthy public finances. We will apply a monetary and foreign exchange policy aimed at preventing the overvaluation of the currency.

In the plan, the federal government has proposed a foreign exchange policy that promotes exports, an efficient substitution of imports, national production, and domestic savings.

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The crisis will not repeat itself because the public debt as a percentage of gross domestic product will be held at reasonable levels, and the maturity accumulation of our obligations in short periods will be avoided.

To stimulate savings and investment, we will promote the essential taxes and financial reforms. We will sponsor private savings, guaranteeing security and adequate yields, and encourage family savings and the reinvestment of business profits.

We will take advantage of the social security mechanisms to expand savings, and we will use external savings wisely as a complementary means of national productive investment, without endangering the country's financial stability.

In addition, we will have mechanisms in place to attract foreign capital for medium- and long-term productive investment.

We are currently negotiating bilateral investment promotion and protection accords with countries that account for large direct foreign investments in Mexico.

Friends of the CCE, the economic growth goals we have established are not only realistic and viable, they are necessary. After overcoming the financial crisis and consolidating the economic recovery, we will reach sustained growth rates in excess of 5 percent annually.

The Mexican economy is going to grow because the private domestic and foreign capital will have more favorable conditions for productive investments.

The Mexican economy is going to grow because our exports have risen dramatically within the context of NAFTA and similar accords we have signed. Exports present today more favorable prospects with the foreign exchange rate adjustment.

The Mexican economy is going to grow because we are advancing and we will promote, with all determination, greater productivity in all economic activities.

The Mexican economy is going to grow because we will invest like never before in training and educating workers, and we will considerably expand the infrastructure for development.

Thanks to the discipline and firm commitment of all production sectors, workers, and public institutions, we will overcome the crisis completely.

Thanks to the united efforts of all Mexicans, we will lay the firm foundations for vigorous, sustained, and sustainable growth.

Thanks to the unity of Mexicans, our country will emerge stronger from these trying months, and every accomplishment and advancement will bolster our confidence in the great capacity and enormous potential of Mexico.

Today, as you renew your board of directors, I am confident that you also renew your faith and confidence in the development and progress of Mexico.

United in effort and discipline, we will advance in building a strong and free nation, a participative and democratic nation, a prosperous and just nation.

My commitment to the CCE is to work side by side with you in building that nation for the benefit of all Mexicans.

Upon reaffirming that commitment, I am pleased to formally close today, 15 June 1995, the 17th Regular General Assembly of the CCE.

Thank you very much.

Zedillo Tours Hidalgo, Discusses Economic Strategies

PA1806041095 Mexico City Radio Red Network in Spanish 0000 GMT 17 Jun 95

[Report by correspondent Victor Manuel Suberza from Pachuca, Hidalgo State; from "The Night Monitor" newscast]

[FBIS Translated Text] President Ernesto Zedillo announced in Pachuca today that the tax system will be reviewed in an effort to promote savings and investment.

Reiterating that the country will quickly overcome its financial problems, Zedillo said that a climate of stability will be promoted through honest laws that give investors confidence.

On his first tour of Hidalgo, the president presided over a meeting to discuss job promotion and investment and said he will soon announce the industrial policy programs and economic [word indistinct].

[Begin Zedillo recording] We will work to control inflation again. We will speed up deregulation and review the tax system so it promotes savings and investments. We will strengthen the reliability and integrity of the law for investors and businessmen. We will promote a stable climate for legal, financial, and currency exchange aspects for the sake of productive activities. We will encourage domestic savings to support healthy investments and will use foreign savings carefully. [end recording]

It also worth noting that 23 local businessmen delivered to Zedillo an equal number of letters expressing commitments for 4.7 billion new pesos in investments

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over the next two years. These investments will create 10,000 jobs.

Zedillo began his tour in Nopal municipality, where poverty and illiteracy once abounded. Thanks to literacy campaigns, the adult population has received some training.

The president said education is a lever for progress and added that a nationwide literacy campaign will be conducted over the next five years.

Zedillo signed a social development agreement and noted that the region will get 2 billion new pesos this year.

In addition, the president noted that construction of the technological universities in Tulancingo and Mezquital is about to begin. He also disclosed that 406 million new pesos will be invested to support 21,000 farmers in that state.

The president also met and dined with some labor leaders behind closed doors.

Bancomext To Conclude 1st Public Placement of Bonds

PA1606132595 Mexico City NOTIMEX in Spanish 2048 GMT 15 Jun 95

[FBIS Translated Text] London, 15 Jun (NOTIMEX) — On 19 June, the National Foreign Trade Bank of Mexico [Bancomext] will conclude the first public placement of bonds by a Mexican issuing bank since the beginning of the country's financial crisis, Finance Secretary Guillermo Ortiz said here today.

The placement, he said, is projected to total $200 million, but apparently there is excess demand and could amount to as much as approximately $250 million to satisfy the investors' interest.

The maturity date for these bonds will be two years, the longest period achieved by a Mexican issuing bank since the onset of the crisis last December. This maturity date will include an option to sell, however, so investors may resell the bonds to Bancomext in a year.

The bonds will pay a yield ranging between 5-51.5 percentage points over the Libor floating rate, which is lower than the cost of other more recent issues even though it is much higher than what Mexican issues paid barely a year ago.

In addition to the placement that concludes on 19 June, Bancomext and the National Finance Bank were able to place approximately $1 billion in various debt instruments since early May, Ortiz said.

These issues were private ones, however, and the maturity dates were short, never exceeding one year.

Bancomext's issue is the first public one being offered to a large number of investors, and it has generated great interest among Asian investors, according to bankers.

The Spanish bank Santander de Negocios will lead the placement of these bonds, the reason why Ortiz will be in Madrid on 19 June to sign the operation.

Ortiz, who arrived in London last night to appear before a conference on "Global Creditors and Debtors," stated his surprise over how promptly Mexico has returned to the capital market after the crisis.

"We are not out of the woods yet," Ortiz said regarding the wave of incertitude that shook the Mexican financial markets following the devaluation of the peso. He added, however, the response to the (adjustment) program has been better than expected in the short term.

He said foreign accounts have responded speedily and positively to the economic adjustment program during this crisis, unlike the crisis in the 1980's.

During the first quarter of the year, exports registered a 32 percent increase compared to figures registered during the same period in 1994, while imports shrank by 5 percent.

The $5.7 billion trade deficit registered between January-April 1994 turned into a surplus of $1.3 billion during the first quarter of 1995, he said.

Moreover, Ortiz said, the problem of the Tesobonos [Treasury Bonds] debts approaching their maturity dates, which are payable in pesos but denominated in dollars and which amounted to approximately $25 billion, has been controlled to a considerable degree.

As the country approaches the maturity dates of Tesobonos for $10 billion in the second half of 1995, it has approximately $10.5 billion worth of reserves, as well as access to the second allotment of the financial package granted by the IMF and the U.S. Treasury, he added.

A significant portion of the $6.7 billion is expected to mature after the months of July and August; "the Tesobonos problem will have come to an end from thereon," he said.

These amounts have facilitated Mexico's return to the international financial community, which has been "much sooner than expected," the finance secretary said.

In addition to Bancomext's placement, Ortiz stipulated that the Mexican Government would be issuing its first

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sovereign debt under Medium Term Placement Notes (MTN) in the coming weeks.

The program has a $1 billion ceiling, but the first issue would be for a "small amount," and the country's financial authorities will then wait for the capital market to improve before proceeding with a much larger issue.

"We do not intend to saturate the market" Ortiz said, stressing that Mexico does not intend to jeopardize its pool of investors.

PAN Announces Withdrawal From National Dialogue

PA1906051295 Mexico City NOTIMEX in Spanish 0417 GMT 19 Jun 95

[FBIS Translated Text] Mexico City, 18 Jun (NOTIMEX) — The opposition National Action Party (PAN) today announced its withdrawal from the national dialogue on state reform because it believes the Yucatan elections were fraudulent.

The PAN National Council, made up of the main party leaders in the country, said the alleged electoral fraud that prevented the PAN candidate from winning the gubernatorial elections "mocked the people's decision to have a legitimate governor."

The "National Council Declaration" stated that in Jalisco and Guanajuato, where PAN candidates for governors won the recent elections, "an illegal and immoral inertia was overcome and the law was respected."

In Yucatan, however, the ruling Institutional Revolutionary Party (PRI) "bet on its most archaic expressions," the document added. This document also referred to alleged ties between the PRI and the government.

The National Council "charges the PRI government with noncompliance with the so-called commitments for a National Political Agreement" and has instructed the party's National Executive Committee (CEN) to suspend its participation at the National Political Agreement table.

The decision signifies the withdrawal of the country's main opposition force from the national dialogue that was promoted among the political parties to reach agreements on government reforms and a clear-cut electoral reform.

According to the PAN, the situation "in Yucatan is proof of the same results by the government," because on one hand "it admits that the majority of the population will be governed by town councils controlled by PAN members, and on the other hand it undemocratically confers upon itself a majority in the state congress and government."

The PAN National Council also criticized the post-electoral situation in the southeastern state of Tabasco, where, according to the local chapter of the opposition Party of the Democratic Revolution, there was excessive spending for the campaign of Governor Roberto Madrazo.

"The high-handed electoral behavior in Tabasco" is a symptom "that the government does not honor its word or is incapable of ensuring its compliance," the declaration added.

The National Council ordered its legislators to protest and reject the electoral fraud and to resist PRI-government initiatives "as long as they are incapable of promoting the country's democratization process."

The National Council also ordered PAN state leaders to deliver on Tuesday to state governors, congresses, courts, and electoral organizations the documents on the electoral fraud in Yucatan.

The National Council said it has ordered the PAN's CEN to make it known internationally, through its international affairs secretary and party members who participate in events outside the country, what happened in Yucatan and what is happening in Mexican politics.

The PAN leadership has received orders to adopt necessary and suitable measures to present the Yucatan case to international agencies concerned with legal affairs and human rights.

According to the statement, the National Council has asked the CEN, state directorates, and the capital's regional directorate to organize public civil resistance activities on Sunday in state and municipalities where the PAN "exists as an organization."

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El Salvador

FMLN Denies U.S. Troops Executed Guerrillas in 19[illegible]

PA1806031495 San Salvador LA PRENSA GRAFICA in Spanish 17 Jun 95 p 23a

[Report by Victor Pino]

[FBIS Translated Text] The FMLN [Farabundo Marti National Liberation Front] Party denied today that special U.S. Army troops executed 83 guerrillas in a clandestine operation 10 years ago. A former "ranger" [preceding word in English] made such assertions in Seattle, United States and said he had participated in the alleged extermination mission to retaliate for the "Zona Rosa Massacre."

According to a report published by THE SEATTLE POST-INTELLIGENCER citing a former ranger, 11 men, members of a "ranger" unit, allegedly raided a guerrilla camp — the report does not disclose the location — and liquidated the guerrillas in a "very direct and simple" manner.

Maria Marta Valladares, an FMLN deputy and leader of the Revolutionary Party of Central American Workers (PRTC), has asserted that "no one remembers such an occurrence, but if it really did happen, the people affected must have been civilians."

The extermination mission, according to the Seattle newspaper, could have been a response to the 19 June 1985 guerrilla attack on a Zona Rosa restaurant in San Benito neighborhood during which four U.S. marines and two U.S. civilians were murdered.

Urban commandos of the PRTC, one of the five organizations that formed the FMLN, claimed responsibility for the attack, known as the "Zona Rosa Massacre."

Deputy Valladares admitted that the place selected for the attack "was not the most acceptable, but the action was justified by the levels of U.S. interference (in the Salvadoran conflict)."

She recalled that in 1984 the FMLN declared that U.S. officers in the country were "military objectives." Approximately 13 U.S. officers were killed from that date until mid-1989.

According to the report issued by the Truth Commission, which investigated crimes committed during the 12-year war, members of the Mardoqueo Cruz urban commandos opened fire on unarmed U.S. officers, killing four of them and nine civilians (two of them U.S. citizens). A guerrilla was also killed during the raid.

The investigation implicated Israel Dimas Aguilar and Jose Roberto Salazar Mendoza in the planning and execution of the attack, and Pedro Antonio Andrade in the planning stage only. They all belonged to the PRTC ranks.

Valladares revealed that after the U.S. marines were killed, the United States decided to annihilate the PRTC camps, which were located in several hamlets in Santa Clara, San Vicente. "They carried out strong operations, but none could have left such a number of casualties...the description of the place suggests that the action was carried out against civilians," the deputy asserted. She recalled that by that time the guerrillas already had experience in evasion tactics and could dodge the troops, who traveled in helicopters. The official, who was elected deputy in San Vicente Department, was injured and arrested by a special commando headed by a U.S. adviser on 18 April 1985.

According to THE SEATTLE POST-INTELLIGENCER, a U.S. commando based in Tacoma, Washington annihilated the guerrillas during a secret raid on a training camp.

In addition to testimonies by former commando members, the newspaper cites an Army special operations officer and a former Washington government official who is an expert in counterinsurgency activities.

The PRTC, after the signing of the peace agreements three years ago, suffered the loss of two of its main leaders — Darol Velis Castellanos and Mario Lopez — who were murdered under circumstances that have still not been clarified. Deputy Valladares has been attacked twice by unidentified people while going to her apartment in Santa Fe neighborhood, near El Salvador University.

Guatemala

Army To Obey Court Disinterment Order on Bamaca Remains

PA1606163095 Mexico City NOTIMEX in Spanish 0137 GMT 16 Jun 95

[FBIS Translated Text] Guatemala City, 15 Jun (NOTIMEX) — Today, Defense Minister General Mario Rene Enriquez said the Army will obey a court order to excavate grounds at a military detachment to find the remains of guerrilla commander Efrain Bamaca.

Enriquez said: "It is necessary to obey the law in Guatemala and in this case to obey a court's disinterment order."

The minister admitted there was Army opposition to the excavation works at Military Detachment No. 18 in the western department of San Marcos, where the remains of Bamaca, who disappeared in 1992, presumably lie.

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Enriquez said: "If the disinterment has not taken place (in the detachment) it is because a court order has not been presented and other legal requirements have not been fully met."

Since 13 June, prosecutors and local and foreign forensic doctors, as well as Bamaca's wife, Jennifer Harbury, from the United States, have been trying unsuccessfully to initiate the disinterment at the detachment, known as Las Cabanas.

The defense attorney of the three military men accused of having killed Bamaca, Julio Cesar Cintron Galvez, has said the San Marcos course is illegal, because certain requirements have not been met.

During a news conference, Cintron explained that the accused, experts, a judge, and defense attorneys, who have not been notified, must be present at the disinterment.

The military men allegedly involved in the death of Bamaca, who disappeared following a clash with the Army, are Colonel Julio Roberto Alpirez, Ulises No Anzueto, and Alberto Soto Bilbao.

U.S. Congressman Robert Torricelli revealed in March that Bamaco was captured alive but was executed on orders from Alpirez, who acted as a paid CIA agent.

Exhumation of Bamaca Suspended Due to Insufficent Time

PA1706032995 Mexico City NOTIMEX in Spanish 2241 GMT 16 Jun 95

[FBIS Translated Excerpt] Guatemala City, 16 Jun (NOTIMEX) — The process to find an exhume the remains of rebel leader Efrain Bamaca was suspended today because the time allotted by Attorney General Ramses Cuestas was insufficient to carry out this task, according to press reports.

Local reporters who covered the judicial action reported in this capital that the excavations were suspended by Cuestas, who only allotted 11 hours to carry out the exhumation of the alleged rebel leader's remains.

Julio Arango, the special prosecutor assigned to the case and the forensic doctors decided to return to Guatemala City after concluding that the stipulated time was insufficient to carefully dig even "a small hole."

Last Tuesday, military authorities in Military Zone 18 in San Marcos stated their opposition to the exhumation inside the garrison, arguing that they had not received a judicial order, the sources aadded.

Arango, however, obtained a judicial order last night and contacted Cuestas, who gave him 11 hours to carry out the excavations. According to Arango and the forensic doctors, however, they will need at least 15 days.

Arango said that 11 hours would only be enough to start the excavations, but they would not be able to complete the task, which could end in nothing, as the scant evidence they could find at the site could be erased. [passage omitted]

Honduras

Reina Discusses New Report on Disappearances

PA1606194795 Tegucigalpa Voz de Honduras Network in Spanish 1827 GMT 15 Jun 95

[News conference by President Carlos Roberto Reina with unidentified reporters at the Maya Hotel in Tegucigalpa — live relay]

[FBIS Translated Text] [Station reporter Jose Danilo Izaguirre] Mr. President Carlos Roberto Reina, we are listening at Voz de Honduras.

[Reina] Today we had the pleasure of dedicating a telephone network that gives Honduras a privileged position and is a source of pride. This network includes the most modern technology for the transmission of images, digital telephones, videophones, facsimiles, an integrated terminal for voice and data, and data processing with German technology.

This makes us stand out on a list that is different from some not very respectable lists on which we have been included. Only El Salvador has better services than us, the difference being very slight. Honduras has made technological progress in various fields.

Today is a very gratifying day. This information, which has already been reported, is the basis for this exchange of opinions with you. I am now at your service to answer any question.

[Reporter] As president and commander of the Armed Forces, what is your position regarding THE SUN of Baltimore's report on 184 Hondurans massacred in the 1980's, considering that the report points to high-ranking Honduran Army officers and U.S. intelligence agents being involved in this? What orders will you issue so that evidence may be sought abroad and the wrongdoers may be punished?

[Reina] This is an issue that has been dragging on for years. I have always condemned actions that produce missing people, actions you characterize as massacres. They are among the worst crimes ever committed in Honduras. The worst.

THE SUN has been publishing information and interviewing responsible people. General speaking, they are

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repeating already known information, reviving the issue. It is good that this issue is publicized. It is good to continue investigating it, so that if evidence is produced, we may bring to justice all perpetrators.

Generally speaking, we are afraid to bring criminals to justice in this country. This is a great scandal. Some claim they are victims and politically persecuted people.

Who is stirring up this matter, and why? This is a source of concern for Hondurans. I defended the cause of the missing people when I was a common citizen, and I defend it now that I am president.

[Reporter] Regarding the Armed Forces, are you prepared to issue a specific order to the military institutions so that files are open and all of the information available in the cases of missing people becomes known?

[Reina] This has to be updated. The Armed Forces have been asked many times about these files, and they say they do not exist, but if something could be done, if you as investigative reporters could do something, fine. I issued these instructions not now, but back in the days when I served on commissions that investigated these cases. I was among the first people who denounced these actions. My name appeared on a list of people who were to disappear. How can I forget this?

But sometimes these things are resurrected for unknown reasons. The publishing of this information by THE SUN is not accidental. We have to conduct investigations and make progress. Sometimes, when already known information is revived and repeated, this is because some interests want to stir things up.

[Reporter] Mr. President, in Honduras, presidents serve as the commander in chief of the Armed Forces. Will former presidents from the 1980's, during the country's most difficult period, be held responsible if wrongdoing is found? And to what extent did military personnel involved in the cases of missing people act out of the principle of following orders?

[Reina] We are discussing chapters of a great drama. There is no such thing as legally following orders to commit crimes. If we are going to put anyone on trial, we have to put on trial every single person involved in this crime against humanity.

This was one of the most distressing, shameful, and painful phases in Honduras. The world is now being horrified by the details of something which, to a large extent, has already been admitted. How long ago is it that Colonel Torres Arias made statements in Mexico? That was more than 10 years ago, and now we are going over the same topic and additional disclosures will be made if new information and evidence is released. That would be magnificent. Otherwise, we have to wonder why these issues are being stirred up again.

[Reporter] [Words indistinct] came up spontaneously at this newspaper, which I believe is conducting an investigation, because it is a very important topic for Honduras and, certainly, for them, however, you said there is interest in stirring up this situation. Is there any suspicion or sign at the highest level? Who could be stirring this up, Mr. President?

[Reina] I cannot give you a specific answer. This is under investigation. I do not believe it is an accident. Why? Because the topic has been brought up every so often when important events take place in the country.

[Reporter] [Words indistinct]

[Izaguirre] That was President Carlos Roberto Reina's answer at a news conference now taking place in the Convention Room at the Honduras Maya Hotel. The president is being asked about his views regarding this newspaper report.

[Reina] This is a novel of terror and shame for Honduras. Everyone responsible should be judged, and those who remained silent at the time are also guilty by omission. The cowardice of society, with regard to the national security theory, is also part of this problem. Some people used to be pleased when leaders were eliminated.

All of this is part of Honduras' dramatic history, which must be updated today. I insist that if there is new information and evidence, we now have a de jure state, as Dr. Custodio said, and we can now take action. We could not do so in the past. Anyone who touched this issue was declared a communist and made to disappear. I am talking about Honduras' recent history, with all the moral authority I have to discuss this case. If there is new evidence, we must take action against those who were involved in these crimes. People who in their minds use futile crimes to defend political theories are, in my opinion, lost to society, because they would bathe in blood to defend their interests.

[Reporter] Does the Honduran Government plan to seek the extradition of those who were involved in the disappearances and are currently living overseas? Also, will you request the extradition of all former government officials who were involved in corruption and are fleeing the country, fleeing Honduran justice [words indistinct].

[Reina] The Judicial Branch is independent from the Executive Branch. If the Judicial Branch knows the countries in which these people are, it should file all of the appeals and adopt all of the measures, thereby preventing these people from circumventing justice.

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What is the dramatic phase Honduras is experiencing in an effort to implement justice? Everyone used to ask when the thieves would go to jail. It was a general cry. But now that the initial steps have been taken, very preliminary steps, there is a great scandal that has nothing to do with justice, and this is happening to stir these things up. I believe that the extraditions you have mentioned are part of the decision. No one becomes free of a crime by simply crossing a border. Justice can pursue these people wherever they are and bring them to Honduran justice, ensuring they face the search for truth through proper evidence within a democratic process for the implementation of justice.

[Reporter] [Words indistinct]

[Izaguirre] President Reina is being asked a question about the Foreign Ministry's efforts to find out what (?agreements) the Baltimore newspaper made to conduct the investigation.

[Reina] Your assertion is [word indistinct]. The issue of secret archives in the United States emerged following Senator Jesse Helms' remarks. He said that the previous Honduran Government had been one of the most corrupt in the world. This is a great shame for Honduras, because Helms is chairman of one of the most important commissions in the U.S. Senate and the United States in general, and he made this assertion with emphasis. Now, the United States is being asked to open those archives, which will be opened after a certain amount of time and they will be at the order of all legal sources precisely so that the evidence can be brought to light.

We must not disregard the fact that in the United States there is a conflict over covert operations carried out during the Cold War. Now everybody is ashamed of them, but in the past everybody applauded them. These are the operations that produced missing people in Honduras. Our position is that justice must prevail, that if investigations must be carried out let them be carried out to clear these problems.

[Izaguirre] There is a question now on Cuban advisers in Honduras, about advisers being already here to manage the Honduran Telecommunications Enterprise [Hondutel], and about polls comparing the government of Carlos Roberto Reina and the government of Rafael Leonardo Callejas.

[Reina] It is being said there are Cuban advisers in Hondutel. Right? Here is the director of Hondutel. He can tell us how many Cuban advisers are in Hondutel.

[Hondutel Director Mario Maldonado] During a news conference at Hondutel, I was asked the same question. On that occasion I said that if somebody could prove to me there is one single Cuban working in Hondutel I would resign immediately before the board of directors. I reiterate this position.

[Reporter] What is being said is not that they are at Hondutel, but that they are in Honduras and have permission to control this country's communications.

[Maldonado] There is no Cuban contact, no relationship with Hondutel. This is just an invention.

[Reina] I beg you to report this information that there are no Cuban advisers in Hondutel.

[Reporter] We are broadcasting live, Mr. President.

[Reina] Let this be not only broadcast live, let it be emphasized. In addition: If my government were to leave with the grades of the previous one, one of the world's most corrupt governments — and I want to stress this — for me this would be a big shame, and I would regret having been president of Honduras. I am trying to carry out a moral revolution. I am confronting all the dishonest people of this country. This is my main task. The moral revolution is marching on. This poll says that 77 percent of this government's weaknesses are outgrowths of the previous administration. The poll also points out the degree of acceptance the president enjoys. This is important information. This information also gives us majority support, and not a simple majority, as a daily said, because only two figures are given; this is an absolute majority.

President Clinton, the UN secretary general, the OAS secretary general, and the president of El Salvador have praised highly the president of Honduras. Some people do not mention this for political reasons.

[Izaguirre] This is HRN, the country's leading information service, with a special broadcast of the Honduran president's news conference on the two [words indistinct]. The president will address that same issue and question.

[Reina] The Armed Forces is a constitutional institution with specific responsibilities, and the president is its commander in chief. Nevertheless, they have their own Armed Forces Law. We must....[pauses] I insist on a concept that I hope has been made clear. If there is any new information in THE SUN report that could lead to a new investigation, if there are any new names or new evidence, I will immediately order a new investigation. As commander in chief, I will order a new investigation just as I have ordered other investigations as part of the mandate with which the people have entrusted me.

[Izaguirre] This is HRN, the country's leading information service, at this news conference. We are now going to listen to the president answer questions on missing

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persons during the administration of Roberto Suazo Cordova and what responsibilities the Roberto Suazo Cordova and Jose Azcona administrations could have.

[Reporter] Mr. President, with respect to the immigration problem we are having, the last time you said that an investigation had been launched, yet it seems government minister has contradicted you. He says the Immigration Directorate has received the green light from you and [words indistinct].

[Reina] The government minister is a most competent, honest, and responsible lawyer. It is not to him to override the president of the republic. Perhaps if the question were different, the answer would also deserve an explanation. I have already said that an investigation is underway, and that is how it is. Maybe the government minister did not have that information at hand when he was asked the question. The source is one that causes a lot of problems, many problems.

I prefer not to comment on President Suazo since I do not think he has anything to do with this, but no one will be excluded. Even I am liable in this government of moral revolution, therefore, if the president is willing to submit to this, there is no reason why others should seek shelter in impunity or with excuses of any kind. In this respect, the media has a major role to play. It has to encourage that new ethical conduct in dealing with such sensitive and painful issues.

[Izaguirre, interrupting] President Carlos Roberto Reina just answered a question asked through HRN Voz de Honduras.

[Reporter, in progress] ... president, this administration, and in this he said, quote, this administration has failed since it has raised taxes and devalued the currency. [no reference to closing of quotation as heard] That was part of an address by the former president of the republic during one of his last rallies here in Tegucigalpa. I would like to hear your opinion on this? The other subject is related to a Guatemalan journal which stated that this administration is a real advocate of devaluation and inflation.

[Izaguirre] President Reina will answer.

[Reina] Every government is open to criticism. Not long ago you asked me a question which I answered. You asked if Mr. Callejas has contributed funds to the campaign. I answered emphatically that he had not. It is quite possible that some of his friends may have contributed off the record [words indistinct] or under the table. It is possible that his friends may have done it. The explanation that appeared in the media on this issue was completely different.

[Izaguirre, interrupting] We are listening to President Carlos Roberto Reina.

[Reina] I only want to clarify this point. Second, how can this government have failed? Many of those who looted this country are on the run. That is a genuine accomplishment. It is the first time such a thing has happened in Honduras. It is the first time we have had a voluntary military service. It is the first time the justice system has received any kind of compliment. How can this government have failed in just one year and a few months? No! Papers can say anything. [laughs] On that we all agree.

[Izaguirre] Here is President Reina to answer the last past of the question.

[Unidentified reporter] Here is a copy of the magazine.

[Reina] Even if it appears in a magazine. This government truly advocates going after dishonest people. It is an advocate of justice. It is an advocate of respect for the law. The president is honoring all his basic campaign promises. I said I was going to carry out a moral revolution and not take the state funds or conduct business transactions from the presidency. That is what we are doing [words indistinct]. I defend my government, basically because I believe in it and because we are not hiding anything. Everything you have said is correct. You must keep going along that course until the unscrupulous Hondurans who took the lives of fellow Hondurans pay for their crimes. In this regard, we are all on the same side.

[Reporter] Former President Callejas and former officials of the National Party administration have said your government is persecuting the Callejas cabinet. The people wonder when the Reina administration is going to try the former Liberal Party government of Roberto Suazo Cordova and past military governments and determine who wasted National Corporation for Development [Conade] money.

[Reina] Such talk is just psychological warfare tactics. When we point to one case they ask: Why not this other case? We cannot handle all cases at once. We do not have enough prisons in Honduras. The extent of dishonesty in this country is impressive. My governing style is different, and this represents a problem. Everyone must face the cleaning process. When I hear somebody saying that all the military governments and all the people who participated in them should be tried, I ask: How many people are we talking about? Why don't we handle those who are running first? A man was arrested in El Salvador. Whey don't we finish those cases and keep on going? I think the Prosecutor's Office is working well. This does not depend on the president. This

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depends on a legal structure that is implementing the law so we have a serious system and don't uphold dishonest ways of governing a country by plundering it.

[Reporter] Mr. President, speaking of championships, will you defeat the violence that exists in San Pedro Sula right now? The Honduran people are concerned and would be very thankful if violence were fought in San Pedro Sula and Tegucigalpa. There are big problems, Mr. President. Could you win this championship?

[Reina] On behalf of the government, we have decided to provide support to control violence. That is why we created an ad hoc commission and why its recommendations are being painstakingly implemented to fight violence. However, this is not only the government's responsibility, just as inflation and low productivity are not just the government's responsibility. Who produces in the country, the government or the private sector? Honduras is everybody's responsibility. There is an easy way out: Blame it all on the government. If prices are high, blame the government; if production is low or there is a drought, the government is to blame. What about the others? Did we not give them 120 million [no currency specified], and they failed to invest it to resolve the food problem? Wasn't Conade sacked with the connivance of the private sector? Now everything was supposedly done by the government. Telling the truth is the result of a new style of government that will not fail, that will march on.

[Reporters] Thank you.

Nicaragua

Protesters Prevent Deputies From Discussing Accord Bill

PA1706221795 Paris AFP in Spanish 2040 GMT 17 Jun 95

[FBIS Translated Text] Managua, 17 Jun (AFP) — Demonstrators, allegedly pro-Sandinist, this Saturday [17 June] prevented the Nicaraguan National Assembly from discussing a bill that will include an agreement with the government to end an institutional crisis. Demonstrators hurled bombs against the building where the deputies were gathered in this capital.

The legislators were unable to hold a session at the Catholic University because the Assembly building has been occupied since last Thursday by approximately 50 peasants led by Sandinist leaders who are demanding that their properties be legalized.

Shortly after beginning the debate, the deputies were forced to abandon the Catholic University, located some 10 km south of the capital, when a group of demonstrators marched there to occupy it.

Professor Winston Betanco told the press the session was suspended, and some 400 students were forced to leave the place immediately to avoid serious incidents. The group, which he identified as pro-Sandinist, hurled homemade bombs against student facilities, without causing damage.

A police contingent was sent to the university to prevent the demonstrators from damaging the facilities, Betanco added.

It is not yet known when the deputies will resume the debate because they were forced to abandon the university without speaking to the media.

Legislators resumed their work today behind closed doors with an apparent consensus to back the document, which contemplates a pact guaranteeing governability until 1997 and several minor bills for the application of the controversial constitutional reforms.

The draft bill, which should be approved next weekend at the latest, must have the support of at least 60 percent of the 92 deputies, which, according to local analysts, may cause new difficulties.

The passage of this draft bill, which the government requested as a legal guarantee for the commitments assumed last Thursday, is viewed positively by most political forces in Congress. However, it was rejected by the Sandinist National Liberation Front — the largest opposition force.

This agreement is "confused and fragile, a sort of agreement to disagree," the pro-Sandinist newspaper BARRICADA commented on the scope of the negotiations between the two state branches to end the institutional crisis that began last February.

Once the lawmakers approve the draft bill, President Violeta Chamorro will promulgate the constitutional amendments, which she had earlier opposed because they were not backed by a national consensus.

According to the agreement reached by both parties, the next step would be the election of magistrates to the Supreme Electoral Council (CSE) by consensus. There have been no magistrates on the CSE since 7 June when the previous magistrates' terms expired.

Two days ago the Supreme Court of Justice (CSJ) met the formalities of three amparo writs that several citizens had filed against the constitutional reforms, which the Assembly had requested so the president can proceed with the promulgation.

However, this political deal has been marred by the occupation of the National Assembly building by the peasants and by this Saturday's incidents.

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Report Outlines Executive, Legislative Agreement on Reforms

PA1706042795 Managua EL NUEVO DIARIO in Spanish 16 Jun 95 pp 1, 8

[Report by Edgard Barberena S.]

[FBIS Translated Excerpt] Cardinal Miguel Obando y Bravo yesterday delivered the agreements signed by the Executive and Legislative Branches. The negotiations ended yesterday in the predawn hours, and the ball is now in the court of the seven magistrates. They have until 0800 today to certify to his eminence that the road is now open to promulgate the constitutional reforms. It was learned last night that the last three proposals had been approved and the cardinal had received the corresponding faxes.

The agreements, which were completed at 0300 yesterday after 40 hours and 35 minutes of negotiations over a 10-day period, went into effect at 1300 [1900 GMT]. At that time the Assembly Board of Directors appeared at the UNICA [expansion unknown] to deliver the signed documents.

Almost two hours later, a government delegation, including Foreign Minister Ernesto Leal, Economy and Development Minister Emilio Pereira, Government Minister Sergio Narvaez, and Presidential Adviser Julio Cardenas arrived at the UNICA and met with Cardinal Obando y Bravo for almost one hour. [passage omitted]

General Outline of the Agreement

The two powers classified their agreements as constitutional reforms directed at the Supreme Electoral Council [CSE] and governability. They agreed to keep the government's current ministerial organization. Any future changes must be by mutual agreement.

The president agreed to send the legislature a bill on the duties and authority of the vice president. The legislature agreed that the law banning relatives of certain government officials from running for office would not go into effect until January 1997.

The two branches of government also agreed to draft a new autonomy law for the Atlantic regions and to reform the municipality law. The two would be broadly discussed and consulted among municipal authorities, Indians, and ethnic communities along the Atlantic coast.

Furthermore, the two agreed to regulate the constitutional reforms on summoning and questioning ministers at the Assembly and on the approval of international economic agreements and treaties.

In the area of taxes and finances, the government branches decided to discuss and agree on any motion to create or delete taxes, to reform the tax base schedule or the percentage rates, and the drafting of a new and modern fiscal code.

The also reached agreements on the budget, economy, and on social and civil rights.

Electoral Matters

The two government powers decided to work toward finding an agreement on the CSE as soon as possible, as well as to update the Electoral Law and to work on partial constitutional reforms.

The total integration of the CSE was left out of the agreements, and it is believed that the National Assembly will confirm the five justices of the Supreme Court of Justice not yet appointed as soon as the reforms are sanctioned.

Regarding governability, they agreed to work together on the law for TELCOR [Nicaraguan Telecommunications and Postal Services Institute], the Labor Code veto, the Teachers Career Law veto, and the property.

All of the above will be outlined in the general structure law. The proposal will appear before the National Assembly tomorrow provided the cardinal has all necessary documents today.

The National Assembly will meet outside the Assembly building if the FNT [National Workers Front] and its pressure groups continue to hold the building.

Last Minute Report by Irma Franco

We have just learned that President Violeta Barrios de Chamorro signed and delivered the documents to Cardinal Miguel Obando y Bravo, opening the way for the final promulgation of Law 182.

The president signed and handed the certifications to the Catholic Church leader before members of the media. She thanked the priest for his efforts as witness and guarantor during the dialogue and in reaching the agreements with the Legislative Branch.

Dona Violeta said that "by issuing these certificates, the Supreme Court of Justice is lifting the ban it had against promulgating the constitutional reforms."

She added that the only thing pending is the approval of the general structure law. The National Assembly should discuss and approve the bill so the reforms can go into effect.

The president was very pleased about having reached the agreements with the National Assembly after five

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straight days of talks "for the good of Nicaragua." She added that this agreement does not mean there is a loser or a winner because "the people are are the winners."

After seeing these very significant agreements, Dona Violeta assured that she will turn over the presidential sash on 10 January 1996 to whomever the Nicaraguan people elect.

She noted that "the Executive and Legislative Branches must select and confirm the magistrates of the CSE. They will guarantee the honesty and truthfulness of the election."

Cardinal Obando y Bravo congratulated Dona Violeta for her willingness to solve a problem that had been haunting her and the legislative branch for months. Upon her request, he read a petition asking for the publication of Law 192.

Obando also said that Dona Violeta, in addition to the certificates, also brought the promulgation act. This will allow the selection of the CSE magistrates to begin as soon as possible, which will lead to the promulgation of the general structure law.

Army Commander Cuadra Satisfied Over Assembly Agreement

PA1706134795 Mexico City NOTIMEX in Spanish 1950 GMT 16 Jun 95

[FBIS Translated Text] Managua, 16 Jun (NOTIMEX) — Nicaraguan Armed Forces commander Joaquin Cuadra has received with satisfaction the news of the political solution found a few hours after midnight for the institutional crisis that the constitutional reforms created in February. Although he said he is happy over the solution, he advised that new disagreements could come up when the amendments are presented. Since early in the crisis, Cuadra had said that political negotiations were the only way out of the confrontation between the Executive and Legislative Branches. This neutral position ensured that the military did not get involved in the conflict, despite some attempts, which were quickly reported by President Violeta Chamorro's political adversaries.

The crisis stayed within the political sphere, without touching the military, as happened in December 1992, when the police occupied the National Assembly after the then Board of Directors refused to obey a Supreme Court of Justice [CSJ] ruling. Cuadra said that there could be new chafing about the bylaws of the Constitution's partial reform, which Chamorro signed today.

The bill will be enacted next week after another bill is approved that deals with its implementation at the Assembly.

"The implementation of the agreements is not easy. Apparently, their application is somewhat complicated because simultaneous implementation is required," he said. Cuadra called on the sides to stay at the negotiating table so they can overcome any obstacles that might come up.

He admitted that a compromise would not be a solution to the country's present social situation, nor would a compromise affect the scarcity of jobs. He said, however, that this arrangement will create new opportunities for investment and will guarantee the elected authorities' stability. "Although the political compromise creates opportunities, it will not feed the people. People do not eat politics," he told NOTIMEX.

Despite the progress attained, the problem of restrictions to candidates for the presidency has not yet been settled. The amendments' virtual enactment will forbid Minister of the Presidency Antonio Lacayo to participate in the 1996 elections, but he does not appear to be willing to renounce his aspirations. This personal conflict will have to be settled by CSJ — Chamorro and the deputies disagree on the CSJ's makeup — which will greenlight or cut short the ambitions of the present government's "strongman."

CSJ President Orlando Trejos declared himself in favor of a new election of CSJ's magistrates, an election that would be the result of a consensus between the Executive and Legislative Branches and openly reject the appointment of the five new magistrates by the Assembly in April. In this regard, the crisis has not yet been cleared.

Chamorro's adversaries strongly oppose Lacayo's probable candidacy. Lacayo has organized a political alliance called National Project, which he will represent in the general elections next year. Summing up, Chamorro said, "there are neither winners nor losers," after securing what appears to be the end of the institutional crisis.

According to Finance Minister Emilio Pereira, the political agreement "is a step in favor of reconciliation and economic growth." According to Miriam Arguello, deputy and former Assembly president, the agreement's scope would limit the legislature's authority, because the executive would have to approve its proposals, as happened in the election of magistrates and state branch organizations.

The National Assembly has pledged to approve in the next few days a telecommunications privatization bill and draft final private property legislation to help create a climate of governability and national stability. The obstacles against the approval of the privatization bill on the state telephone enterprise — which the government

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had pledged to international financial organizations in order to obtain fresh loans — were a pressure point used by the deputies during the conflict.

With the agreement, Chamorro guarantees her government's stability until January 1997 and general elections in 1996.

Economic Plan for Paris Club Predicts Economic Growth

PA1606145595 Managua LA PRENSA in Spanish 14 Jun 95 pp 1, 14

[Report by Maria Elena Palacios]

[FBIS Translated Text] The economic plan for the next five years — 1996 to 2000 — which the government will present to the Consultative Group in Paris, promises extensive changes in the government's tax and credit policies. It also offers improvements in several areas of the country's economy during that period.

LA PRENSA had access to a "preliminary draft" copy of the economic plan entitled "National Sustainable Development Plan 1996-2000," whose cover states that it is for "restricted distribution."

In the document, the Executive Branch proposes to limit credits that the Central Bank grants the central government. This had been seriously depleting the country's foreign reserves, to the point that the financial institution was forced to increase legal reserve percentages and up the price of energy, so as to pay the government's bills.

The government also proposes to reform Central Bank operations by eliminating operations that have nothing to do with the bank's activities and granting it greater autonomy.

It is also planning tax reforms, including lifting fiscal red tape and eliminating most of the nontax collections at ministries and municipalities, such as license and permit fees. Now, such requests will require one single transaction and one single payment.

Likewise, the plan will phase out the use of Fiscal Tax Stamps currently used for Fiscal Registration and on nontaxable income statements. It calls for a revision of land ownership and real estate taxes.

The government also lists reductions in General Sales Tax exemptions and the implementation of a "broad-based" VAT [value-added tax]. In the same process, VAT will be reduced from 15 percent to 12 percent, 2 percent of which will be transferred to the municipalities.

The proposal affects the municipal governments in that municipal sales taxes will be transferred to the central government. It will replace the current transfer system with a single collection system designed to transfer collections directly to the central government.

The plan addresses the income tax system, which has been under scrutiny by experts recently. The government recognizes that the income tax prepayment system needs improvements to make it more flexible.

The government will examine the Consumption Tax, the incorporation of the fiscal industry in the general tax system, a review of current tax legislation, and a three-year full exemption of import taxes and duties on capital goods earmarked for the production sector.

In addition, the plan calls for a reform of export incentive measures. Such reforms could be in the form of tax refunds for exporters or a modification of the export promotion decree.

The plan suggests stiffer penalties for contraband and tax evasion and including informal economic activities in the tax base.

The government plans to unify the currency exchange markets — official and financial — into one, under the official market system.

The payment balance current account will be liberated. This will mean the reversal of the mandate requiring all exporters to sell their foreign currencies to the Central Bank. An exporters and importers registration system will be implemented, thus rendering current license requirements unnecessary.

The government will present this very long document in public for the first time before the international cooperation community. It is still unknown if it will be discussed with the country's various economic sectors.

Panama

President, Labor Minister Continue To Support Reforms

PA1306155295 Panama City EL PANAMA AMERICA in Spanish 11 Jun 95 p A-1

[Report by Carlos Anel Cordero]

[FBIS Translated Text] The package of legal reforms drafted by the government will be implemented, despite "traps and attacks by some petty politicians," President Ernesto Perez Balladares warned yesterday.

The president stressed that, in order to implement the changes, we will maintain a "continuing" process of consultations, because we do not want these changes to be seen as a government imposition.

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Perez Balladares said the government has undertaken several changes that should have been carried out more than 15 years ago — changes the previous governments did not dare make and instead only issued excuses. He added that after he assumed the presidency he realized he had only two alternatives. One would be to maintain the country as it is now, which would increase unemployment, crime, and other social problems, while the second would be to implement the proposed changes.

He said his government decided to make the changes and modernize the economy, even though this choice would be the most difficult and problematic in the short term, because, in the long run, it will prove more beneficial to the country. It has become clear that the country cannot continue to work under the same model, and this is why we decided to implement changes, even though they are not well-received by some sectors, he noted.

Among the changes the government will implement are labor reforms, modifications to the tax system, privatization of public service enterprises, and various legal changes in the economic field.

As an example, Perez Balladares said that, although some pseudo- environmentalists oppose the construction of the Northern Corridor, this project will become a reality because, in addition to resolving traffic problems, it will contribute to reducing unemployment.

Meanwhile, Labor Minister Mitchel Doens downplayed a warning issued by Legislative Assembly President Balbina Herrera. He said the labor reforms will be approved by a congressional majority within the timeframe outlined by the government.

Doens said Herrera's remarks were made during a moment of "legislative heat and emotion."

On Friday, after the approval of an agreement with Colon Free Zone users on the accross-the-board tax incentives bill, Herrera warned that just as the powerful came out in defense of this group, she will be on the side of the people when the labor reforms are debated.

Meanwhile, Doens said no one should confuse the tolerance the government has displayed so far with weakness, adding that disorders by workers who oppose the labor reforms will not be tolerated. Strikes, demonstrations, and protests will be permitted as long as they are carried out in an orderly manner. This is a democracy, and therefore the rights of others must be respected, he said.

We must realize that the PRD has changed. We will not go to the streets to "beat up" protesters, but we will not let the country slip into a state of ungovernability or tolerate situations that could harm the majority of the people. Should anyone attempt to carry out any destabilizing actions, we will use established methods to guarantee public order, Doens stressed.

ARI President on Decontamination of U.S. Bases

PA1906035795 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Jun 95 p 1

[Report by Cristobal A. Chen]

[FBIS Translated Text] Interoceanic Region Authority (ARI) President Carlos A. Mendoza has asserted that the United States is obliged to return the bases "duly cleansed" to Panama. Mendoza said that in the recently modified ARI Law, "one of the specific obligations assigned to this organization, along with several government ministries and offices, is to monitor and coordinate the cleansing of military sites reverting to Panama." He indicated that "intensive work is being done to clean the bases that will transfer to Panama this year."

Experts on the issue have stated that the military sites have not been totally decontaminated and that the process is very long. It has also been reported that the most contaminated areas on military bases are the rifle ranges, motor pools, fire stations, and others. Fort Davis and Fort Espinar on the Atlantic side of the Panama Canal area will revert to Panamanian jurisdiction in September 1995.

Referring to the housing in the Canal area, Mendoza stated: "I believe the houses must be sold." He added: " As for buildings and grounds, I think they should be leased out in 20- and 30-year concessions."

Taiwanese businessmen are studying the possibility of investing in Fort Davis and other sectors of the reverted areas.

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Argentina

Menem Sends Letter to Cardoso, Confirms Trip to Sao Paulo

PY1606185995 Buenos Aires TELAM in Spanish 1721 GMT 16 Jun 95

[FBIS Translated Text] Buenos Aires, 16 Jun (TELAM) — Through a letter sent to his Brazilian counterpart, Fernando Henrique Cardoso, President Carlos Menem today confirmed that he will travel to Sao Paulo to participate in the Mercosur [Common Market of the South] economic summit scheduled for 19 and 20 June.

The text of the letter, dated 16 June and disseminated by the Media Secretariat of the Presidency, is as follows:

"Dear Mr. President and friend:

"With pleasure I have received your letter, dated 15 June, in which you inform me of your instructions to the finance minister and foreign minister with regard to finding, jointly with their Argentine counterparts, mutually acceptable solutions in order to reconcile the provisions of Provisional Measure No. 1,024, issued by the Brazilian executive branch, with Resolution No. 29/94, approved by the Common Market Council, which includes a bilateral agreement on automobiles achieved between Argentina and Brazil.

"I am convinced that the compliance with the agreements so far achieved represents a guarantee for the Mercosur to continue to represent a successful initiative for regional trade and investments and to give assurances and clear-cut paths for economic operators.

"As you have done, Mr. President, I will personally supervise developments on this issue.

"It will be my great pleasure to meet with you on 19 June at the economic summit in Sao Paulo, where we will be able to pursue our talks with the goal of sustaining the integrity and scope of the Ouro Preto agreements.

"Please receive kind greetings from your friend.

"Carlos Saul Menem."

Industry Secretary on Cause of Dispute With Brazil

PY1606174595 Buenos Aires TELAM in Spanish 1432 GMT 16 Jun 95

[FBIS Translated Text] Buenos Aires, 16 Jun (TELAM) — Industry Secretary Carlos Magarinos said today that the main reason behind Brazil's restrictions on the car industry is its desire to attract investments of multinational companies that were earmarked for Argentina and to convince investors to base their Mercosur [Common Market of the South] operations in Brazil.

Magarinos said: "The real dispute with Brazil is over investments," adding: "This is why the president (Carlos Menem) firmly supports a decision not to ignore what has been signed."

The official told Radio "9.90" that he trusted Argentina will reach "a reasonable agreement" with Brazil, adding that the 30-day "self-imposed" Brazilian moratorium could be extended "if more days are needed to solve the problem."

"It is not logical for one country to throw out everything that has been achieved with so much effort in Mercosur," Magarinos said, insisting that there are important possibilities that an agreement will reach be reached.

The secretary stressed: "Foreign investors consider unilateral decisions a breach in security," adding that entrepreneurs interested in investing in Argentina are "very concerned over this matter. It was a hard blow for us."

Magarinos denied the Argentine and Brazilian car industries were similar, saying Argentina's "encourages industrial specialization and has generated a very strong increase in productivity" while the Brazilian regime "only encourages investments."

Financial Crisis in Provinces Examined

PY1706021295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1503 GMT 14 Jun 95

[FBIS Translated Text] Buenos Aires, 14 Jun (NA) — Appeals to the Economy Ministry for urgent funds to be able to pay wages and cancel debts, the emergence of the "specter" of bonds as a resource to surmount the crisis, and growing local protest demonstrations constitute the backdrop for the current negotiations between the provinces and the federal government.

One of the first aftershocks of the crisis occurred when, following his meeting with Economy Minister Domingo Cavallo on 13 June, Cordoba Province Governor Eduardo Angeloz announced his intention of issuing vouchers to cover part of the $600 million fiscal deficit.

In principle, Angeloz departed for his province after having received the executive's assurance that it will take steps to accelerate a $25 million line of credit that the governor is negotiating with Rio Bank, even though this amount is in any case far from what is needed to meet Cordoba's needs.

On the last days of his third term in office as governor, Angeloz is facing fierce opposition from lawmakers in

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his own party, who have proposed postponing the discussion of the package of economic measures submitted by the provincial executive branch until the end of the year.

The announcement of the Economic Emergency Bill, which provides for significant tax increases among other measures, met with much hostility on the part of civil servants' unions because of the possibility that their affiliates would be paid their wages in vouchers.

Isolated protests were heard during the day in Cordoba Province, and mateadas [drinking mate in groups] were held to show solidarity with employees at public hospitals and the courthouse. It was leaked, however, that the General Confederation of State Workers might be studying the possibility of calling a general strike if the bill is enacted.

Minister Cavallo's agenda was extremely busy yesterday, as he had to deal with a concrete request made by Santa Fe Province Governor Carlos Reutemann. The latter briefly explained to the minister that without the support of the provincial legislature to move on with the privatizations, and given the decline in tax revenues, he has serious problems in honoring this month's payments.

Santa Fe will not receive any appropriations from the Trust Fund because that province's legislature has not yet passed (nor does it have the intention of doing so in the near future) the necessary laws to privatize the provincial bank and the public utility company, which constitute essential conditions for being allocated funds in cash.

Reutemann felt that in light of the legislature makeup it would be "nearly impossible" to get these laws enacted. He therefore decided to hold talks with Cavallo to analyze how the federal government might settle a debt of 24 million pesos with that province.

Although he made it clear that his province has a balanced economic situation, the Santa Fe governor conceded that "a recessive context is noticeable due to the economic slowdown and decline in tax collection." He announced that July "will be a difficult month."

Mendoza Province Governor Rodolfo Gabrielli did not have the same luck as his counterparts from Cordoba and Santa Fe, as due to "agenda problems" he had to put off his grievances against Cavallo for the indefinite future.

Gabrielli had travelled to Buenos Aires to try to unblock the way for the allotment of funds for provincial banks — which the Trust Fund has already committed — and for the payment of the last three installments it owes to municipalities pursuant to the provincial revenue sharing scheme. The total debt amounts to 15 million pesos.

The Mendoza governor still cherishes the hope of collecting an advance on the appropriations from the federal revenue sharing scheme, despite the fact that Cavallo himself has informed most governors that the federal government will not only suspend those payments as of 30 June, but will also demand the reimbursement of all the advances granted so far.

Another governor who spent the day in Buenos Aires was the executive head of Rio Negro Province, Horacio Massaccesi, who agreed with the Economy Ministry to sell the shares that province has in the privatized hydropower plants of Alicura and El Chocon.

In an attempt to solve "cash" problems, Massaccesi raised 15 million pesos with the sale of those shares. This amount will enable him to begin regularizing the payment of wages.

Possibly influenced by the meeting he had on 12 June with President Carlos Menem, Secretary General of the Presidency Eduardo Bauza, and Interior Minister Carlos Corach — who complained about the stern treatment accorded to the Rio Negro and Cordoba administrations — Cavallo devised a short-term solution for the problems confronting Rio Negro.

The politicians' arguments are that it would not look good having the civil servants — whose salaries and mid-year bonus have not yet been paid — add Cavallo and Menem to their list of those responsible for the crisis.

Tucuman Province has been plunged into one of the tensest situations in the interior of the country. A protest rally staged by workers yesterday was violently repressed by the police, when some 100 workers refused to vacate the headquarters of the provincial water utility (Dipos), which is about to be privatized.

Tucuman Governor Ramon Ortega — who invited President Menem to close the election campaign in the province on 2 July — will meet with the Republican Force and Radical Civic Union candidates for the governorship, Domingo Bussi and Rodolfo Campero respectively, in the course of this week to find a consensus solution for this situation.

Moreover, the resurgence of the idea of issuing vouchers to pay wages — on which La Rioja Province looks favorably — is exceedingly worrisome, as in the past it constituted the most palpable sign of the crisis battering regional economies.

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Only in the Provinces of Catamarca and Tucuman are vouchers (similar in format to one, five, 10, and 20 peso banknotes) in circulation. For the time being this does not augur a financial disaster, as these vouchers have been issued exclusively to pay a wage increase to the lowest echelons of the Civil Service.

By last month public servants in Catamarca had collected 80 percent of their wages in cash and the remaining 20 percent in vouchers. In May, however, the difficulties the federal government encountered in collecting taxes led to such great delays in the appropriations of funds to the provinces that Catamarca had no alternative but to pay wages entirely with those "papers."

In light of the crisis that has been hitting La Rioja Province for some months now, its economy minister, Simon Rodriguez, has tendered his resignation to Governor Bernabe Arnaudo.

It was leaked that once Arnaudo accepts Rodriguez's resignation, he will appoint the current finance secretary, Julio Valdez, to the vacant post.

La Rioja Government Minister Jorge Yoma, who is conducting negotiations with Cavallo on behalf of his province, announced in Buenos Aires yesterday that the federal government will release 3.5 million pesos for the payment of wages in arrears to the Civil Service.

Despite the announcement, made late in the evening, uneasiness and uncertainty still reign supreme in La Rioja, as evinced by the prolonged public servants' strike at the town hall, the Revenue Directorate, and other government agencies.

Bolivia

Intelligence Report Unveils Croatian Arms Smuggling 'Gang'

PY1606221795 La Paz PRESENCIA in Spanish 4 Jun 95 p 6

[From the JATHA news agency]

[FBIS Translated Text] The latest information available to Bolivian diplomatic and intelligence services indicates that international arms deals involving Bolivia to supply former Yugoslavia totalled $3 billion.

Court sources told JATHA that this information was turned over to the Fourth and Fifth Criminal Courts of La Paz last week, as the first step toward the formal request for the indictment of a long list of foreigners and Bolivian citizens involved in alleged international arms trafficking.

According to the request for indictment, the gang had dealings with at least four high-ranking military officers who had to do with the management of the Armed Forces National Development Corporation (Cofadena).

The documents that the Bolivian Foreign Ministry turned over to the La Paz district attorney, who passed them on to the courts, indicated that the international gang of arms dealers that claimed to be operating on behalf of Bolivia was very large. It smuggled mainly ammunition using "final users' certificates" from Cofadena's ammunition and explosives factory.

The 339 files that the diplomatic service has put together are written in English and in Portuguese, which prompted the judges to request that official translators be hired as of next week.

JATHA gained access to a summary of these files prepared by the intelligence services. This summary lists names and other information for the trials. Herewith an unofficial translation of the summary:

"The key item is the correspondence from Jose Antonio Saldanha, manager of ETEM [expansion unknown] in Portugal, Carlos Terceros Castro, ETEM representative in Bolivia, and Pedro de Fierro, ETEM representative in Chile, to General Guido Sandoval Zambrana, Bolivian Army commander in chief, General Augusto Sanchez Valle, general manager of Cofadena in 1991, Vice Admiral Freddy Lopez Arispe, general manager of Cofadena in 1992, Staff Colonel Walter Rico Lumbela, chief of the Materiel Section of the Logistics Department of the Army General Staff, Staff Lieutenant Colonel N. Justiniano Zegarra V., general manager of the Bolivian Ammunition Factory, and other people.

"These people worked together with foreign citizens who are currently in Yugoslavia, namely: Joshua Waldhorn, an Israeli citizen; Matityane Chermesh, an Israeli citizen; Ferdinand Sucik, a Yugoslav citizen; N. Zivaljic, citizenship unknown; N. Posaver, a Yugoslav citizen; Robert Breiner, from Vienna (Austria); Parvilsar Sigurdson from Tehran (Iran); and Peter Rohaser, an Austrian citizen. Breiner and Sigurdson visited Cochabamba two years ago on business."

The summary suggests "seeking more information about these and other people, about their relationship with Bolivian citizens as far as involvement in purchasing arms for Bolivia goes, and about the final destination of these arms, although it is assumed that they ended up in Yugoslavia's red zone."

Based on this information, the prosecutor asked the courts "to prosecute Generals Augusto Sanchez Valle, Bernardo Chavez Ortiz, Guido Sandoval Zambrana, and Adm. Freddy Lopez Arispe," and to send a group of investigators to Europe to put together the information to prosecute the foreigners involved.

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According to intelligence reports, several hundred million dollars were spent on an assortment of arms, transportation equipment, and even tanks that were purchased on behalf of Bolivia and sent to former Yugoslavia, but even more money was spent on ammunition smuggled the same way.

The affair, which started out as an ordinary case of forgery of passports, mainly against the German citizen Guenter Pausch, is now also in the hands of the military court, which is expected to formally indict and order the arrest of the military officers involved.

JATHA was told that the military court is also expected to rule in favor of turning the case file and the people involved over to the civilian courts.

Military Alarmed by Brazilian Influx Into Northern Region

PY1706014295 La Paz PRESENCIA in Spanish 4 Jun 95 p 6

[Article by Delfin Arias Vargas]

[FBIS Translated Excerpt] Lago Titicaca, 3 Jun (PRESENCIA) — The Armed Forces have warned about the imminent danger that the "peaceful" invasion of Brazilians into Pando Department represents for the country. They also admitted that the government does not exercise full control over that extensive national sovereign territory.

That alarming conclusion was reached during the "Seminar on the Development and Sovereignty of Pando Department" sponsored by the Defense Ministry, which was held 2-3 June at a hotel located a few meters from the beach of the highest lake on earth, near Huatajata.

The seminar was attended by representatives from the Army, Air Force, and Navy, in addition of officials from the executive and legislative branches headed by Defense Minister Raul Tovar.

According to officers who commanded military units at the Brazilian and Peruvian borders, Pando is an abandoned department despite the patriotic work being carried out by civilian settlers, who have no other choice than to depend on the nearby Brazilian population for their survival. [passage omitted]

The Armed Forces are one of the few institutions that worry about Pando, although President Gonzalo Sanchez de Lozada gave instructions recently "to recover Pando for Bolivia" in face of the imminent danger that the invasion of foreigners in that region represents for the integrity of the national territory.

In addition to the fact that the government does not have an overall plan, there is a shortage of economic resources to protect our northern border region.

It was said during the seminar that "efforts have been made to populate the critical areas with 60 settlers from Tarija in the Santa Rosa del Abuna region, which is located in the Rapirran pocket and is even listed on some Brazilian maps as being in their territory."

Unfortunately, those Bolivian settlers soon had to go back to their points of origin because of the complete lack of support from the Bolivian Government. [passage omitted]

Despite the isolated efforts to improve the situation in that far off region, the department is becoming more dependent on Brazil. This is why the government and the Armed Forces have already taken appropriate measures to implement policies to protect Pando from the ambitions of other countries.

The danger is so imminent that national officials have reportedly made the decision not to expel the "peaceful" Brazilian invaders. On the contrary, the possibility of integrating them into our country is reportedly being considered, on the basis of policies that would guarantee respect for our sovereignty and national territorial integrity. [passage omitted]

Native Peoples Fear Further Division With Decentralization

PY1606011095 La Paz PRESENCIA in Spanish 5 Jun 95 p 5

[Article by Raul Maydana]

[FBIS Translated Text] With decentralization, the regional oligarchies will take possession of the lands and natural resources of the various departments, while the indigenous nations [naciones originarias] will be split up and subjected to further oppression and social misery.

This warning was made by Felix Santos, executive secretary of the General Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB), who drafted a project for "decentralization of the indigenous nations" that is entirely different from the one prepared by the Bolivian "criollos" [Bolivians of Spanish descent].

The Quechua CSUTCB leader believes that the current confrontation between ruling parties, the opposition, and representatives of civic committees regarding decentralization is but a conflict of economic interests among the descendants of foreign peoples who seek to divide Bolivia among them.

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He said: "Through this measure the departmental oligarchs will take possession of the territories that belong to the native peoples (such as the Santa Cruz Guaranies) and of the natural resources, be they renewable or not."

Santos also pointed out that while the descendants of foreign peoples who have been dominating the country since the Spanish invasion seek to divide the country among them, the indigenous nations — who are the real owners of the national territory — "cannot give their opinion" in the discussions about the issue, as their opinion is not even taken into consideration.

He asked: "What sort of decentralization are they talking about if peasants and native peoples will not only be harmed by it but will also, in addition to losing their lands, become even more oppressed and lose their right to reciprocity?"

Harshly attacking the eastern region oligarchies, he pointed out that the economic development in that region, which is now prosperous, comes as a result of the natural resources that have been taken away from Potosi, a department that has been forgotten by the government, which will apparently allow it to continue that way.

The native peoples fear that the local oligarchies seek to consolidate the departmental divisions, which will split national unity and create real barriers among the indigenous nations.

He mentioned as an example the Quechua nation, the unity of which has been overlooked by the division of the country into departments, and said they would be divided between Potosi and Cochabamba Departments. This has been concerning the native peoples, because as a result of decentralization the Potosi Quechuas will be "dying of hunger" while their brothers living in Cochabamba will be "quite benefited."

Santos also detected a political objective in between the lines of the decentralization program. This objective would consist of dividing the indigenous nations and defeating their increasingly rebellious attitude, because "under the excuse of decentralization there will no longer be national requirements to the central government. These requirements would be spread into the "departmental governments." [quotations marks as published]

Santos concluded by saying that this issue, which politicians and the people in general are heatedly discussing, has been causing him "great sadness."

Brazil

Cardoso To Call Menem To Settle Trade Dispute

PY1506191295 Sao Paulo AGENCIA ESTADO in Portuguese 1632 GMT 15 Jun 95

[Report by Tania Monteiro]

[FBIS Translated Text] Rio de Janeiro, 15 Jun (AE) — Brazil will make an exception to the provisional measure restricting car imports in order not to jeopardize trade within Mercosur [Common Market of the South]. Today, before departing for Sao Paulo for an extended weekend, President Fernando Henrique Cardoso said that article eight of the provisional measure has been worded to allow negotiations and to overcome the difficulties that might arise. He said: "It is now a question of negotiating and setting up a special system so that no harm is caused to Mercosur." He announced that he is going to call Argentine President Carlos Menem to give him further explanations and to confirm Menem's presence at the Mercosur meeting scheduled for 19 June in Sao Paulo.

Yesterday morning, upon learning about the content of the Brazilian provisional measure, President Menem said that he would cancel his visit to Sao Paulo if the Brazilian decision to set up car import quotas is applied to Argentina. Mercosur presidents are scheduled to have lunch with Cardoso at the Mofarrej Hotel in Sao Paulo on 19 June.

In addition to the intensive negotiations held all day yesterday between Brazil and Argentina, Cardoso summoned Finance Minister Pedro Malan and Foreign Minister Luiz Felipe Lampreia to a meeting at the Laranjeiras Palace that started around midnight — after a dinner commemorating the Rio de Janeiro Stock Exchange anniversary — and lasted until early this morning. Cardoso was concerned about the Argentine reaction and sought to reverse the situation.

For 19 June, when he is scheduled to meet Menem, Cardoso wants to have in his hands a sort of implementing regulation for article eight of the provisional measure, providing for an opening that would prevent imports of Argentine cars from being affected. After stating that Brazil has no intention of hurting its relations with Mercosur partners, Cardoso said: "The contrary is true." Justifying his position, he said: "The impact provoked by imports of Argentine cars is very small. The bulk of foreign-made cars imported by Brazil comes from Europe."

Cardoso added: "I believe in Mercosur. We are not going to do anything that might hurt our trading partners, and Argentina is our main trading partner."

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He was thus trying to ease the tension existing with the Argentines. He said that explanations were given yesterday to Argentine officials and he ordered that further explanations be given today. Cardoso said: "He will certainly attend the Sao Paulo meeting."

Foreign Minister Luiz Felipe Lampreia, who is staying today in Rio de Janeiro, will leave for Brasilia tonight. Lampreia said that Argentine Government officials had been informed in advance of the content of the provisional measure precisely to avoid problems. He said that Brazilian and Argentine economists and diplomats had met twice before the provisional measure was signed. Thus, he said, the Argentines could not have been taken by surprise. The final draft of the implementing regulations for article eight will be approved in Sao Paulo on 19 June. Lampreia does not believe that diplomatic problems will arise between Brazil and Argentina. He said that every effort has been made not to hurt Brazilian-Argentine trade.

Contacts Menem To Explain Car Import Measure

PY1606025695 Sao Paulo AGENCIA ESTADO in Portuguese 2129 GMT 15 Jun 95

[Report by Helio Gama Neto]

[FBIS Translated Text] Sao Paulo, 15 Jun (AE) — President Fernando Henrique Cardoso today guaranteed that Argentine President Carlos Menem would attend the Mercosur [Common Market of the South] meeting that will take place 18-20 June in Sao Paulo. "I have already spoken with President Menem. I am always talking with him," he said, late this afternoon, upon arriving in the home of his daughter Beatriz in Higienopolis District to visit his grandson Pedro, who was celebrating his birthday. "Of course he will come," Cardoso added.

During a brief news conference, President Cardoso stressed that there is no "impasse between Brazil and Argentina," referring to the Provisional Measure that imposed an import quota system on cars. Asked about Menem's presence in Brazil on 19 January, Cardoso did not demonstrate so much certainty. "That you had better ask him," he said. He described the Argentine president as being a chief of state with a temper similar to his own. "Menem has the same style as I do; he does not remain irritated," he said. Cardoso revealed that he had sent Menem a message via fax explaining the eighth article of the Provisional Measure, which guarantees negotiation between Brazil and the Mercosur countries, and which should clear up all doubts.

Guidelines Define Petrobras Privatization

95SM0371B Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jun 95 [received via Internet]

[Unattributed article: "Administration Insists It Will Not Privatize Petrobras"]

[FBIS Translated Text] Brasilia—In order to be certain of winning the votes of undecided congressmen during the first vote in the Chamber on the amendment that would relax the government monopoly in petroleum, yesterday morning the administration tipped its hand as to the model that will be adopted when the sector is opened to private enterprise. A two-page document, drafted by the Ministry of Mines and Energy, was hastily sent to the administration's leader in the Chamber, Sao Paulo Deputy Luiz Carlos Santos (PMDB) [Brazilian Democratic Movement Party]; to Chairman of the Special Petroleum Committee Deputy Alberto Goldman (PMDB-Sao Paulo); and to the leader of the PSDB, Deputy Jose Anibal (Sao Paulo), in order to keep down the number of dissidents in the *peemedebista* PMDB and *tucano* delegations.

In the document, the administration commits itself to retaining a controlling interest in Petrobras [Brazilian Petroleum Corporation] and insists that the state corporation will control the reserves in production and those already explored. President Fernando Henrique Cardoso, at a dinner on Tuesday with PMDB deputies, ruled out the privatization of Petrobras. "It is ridiculous to imagine privatizing a company like Petrobras, appraised at $100 billion. There is not enough money in the world to purchase it," he said.

The document, entitled "General Guidelines For the New Model of the Brazilian Petroleum Industry," calls for creation of a regulatory body along the lines of the old National Council for Petroleum (CNP), comprised of representatives from the government and the public. It would be responsible for setting policy and coordinating sector activities, soliciting bids and overseeing the contracts with private companies, and safeguarding the economic interests of the consumer by curbing the practices of dumping [preceding word in English] (forcing down prices to kill off competition) and cartelization (producers uniting to control the market).

The administration also promised that the federal government will not contract with companies to prospect and drill in areas where Petrobras is producing. As for areas researched by the state corporation but not producing, these will also remain under its control if the company demonstrates sufficient technical and financial capacity to work them. In seeking bids for prospecting

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and drilling, Petrobras will be given preference in the event of identical bids.

The government's explanation was characterized as timely by Deputy Alberto Goldman. "There is a great deal of mistrust as to the administration's intentions in opening the monopolies to private enterprise," he commented. Goldman also pointed out that nothing can be opened up to private enterprise until after Congress votes on a law amending Law 2,004 of 1953, which created the government monopoly on petroleum.

Posts Granted To Contain Reform Dissidents

95SM0371A Rio de Janeiro JORNAL DO BRASIL in Portuguese 8 Jun 95 [received via Internet]

[Article by Ilimar Franco and Daniella Sholl: "Government Uses Jobs To Contain Dissidents"]

[FBIS Translated Text] Brasilia—In order to ensure passage of the amendment ending the petroleum monopoly and to muffle dissent in the administration's power base, Planalto Palace made use of a powerful trump card—federal jobs. President Fernando Henrique Cardoso got personally involved in the fire sale, in order to soothe upset legislators.

On Tuesday, Secretary General of the Presidency Eduardo Jorge Caldas handed the phone to the president to consider the case of Amazonas Deputy Atila Lins (PFL) [Liberal Front Party]. Fernando Henrique promised to rescind the nomination of George Tarso as regional labor delegate for Amazonas. Tarso had been suggested by *tucano* Arthur Virgilio Neto, PSDB [Brazilian Social Democracy Party], also of Amazonas, to replace Lins' protege Joao Mistoso, who was dismissed this week.

The redistribution of government jobs is one of the most sensitive problems the administration is having to deal with. In Paraiba, for example, where the administration is having trouble with the PMDB [Brazilian Democratic Movement Party], the most important posts have been in the hands of the PFL ever since the days of Fernando Collor. If this administration tinkers with things there, it will make the PMDB happy, but displease the PFL.

Loyal Backers

Since most jobs are in the hands of administration, supporters, Planalto Palace has made retention of the proteges conditional on their mentors' support of the reforms. According to a presidential aide, the general rule is this: if you want to participate in the government, you must back most of the decisions.

Since the first vote on the amendment that abolished the telecommunications monopoly, when 45 deputies from the government's side voted against it, the administration has been putting pressure on the legislators. Former Deputy Jose Abrao, in charge of handling legislators' requests in the Civilian Household, has started calling up delegation leaders and checking on the positions being taken by the dissidents. "Anyone who has a post in the government had better not keep voting against the amendments," Abrao told the leader of the PP [Progressive Party], Minas Gerais Deputy Odelmo Leao.

The government's assistant leader in the Chamber, Ceara Deputy Jackson Pereira (PSDB), admitted that the administration is being besieged by congressmen looking for jobs. "Not everyone gets something, we are outlasting them," he commented.

In the coming days, the administration will begin making available posts at what is considered the fifth echelon in the states, such as the regional superintendents of Ibama [Brazilian Institute for the Environment] and the delegates of the DNER [National Highway Department], Dentel [National Telecommunications Department], and Ministry of Agriculture. Nominations will come out after the second round of voting on the petroleum amendment in the Chamber.

The most important federal posts, such as the superintendents of the Federal Savings Bank and Bank of Brazil, are being saved until the amendments come to a vote in the Senate. A *tucano* deputy summed up the situation by saying "It does not take much to satisfy the fellows here in the Chamber. It is a different story over there in the Senate."

Chile

Minister on Government Reaction to Pinochet's Remarks

PY1606201195 Santiago Universidad Catolica Television Internacional in Spanish 1800 GMT 16 Jun 95

[From La Moneda Palace by Patricia Silva]

[FBIS Translated Text] La Moneda Palace experienced some intensive political activity this morning. The Inter-Ministerial Political Committee called several leaders and presidents of the Coalition of Parties for Democracy [PPD] to discuss the situation related to General Manuel Contreras and Brigadier Pedro Espinoza.

The reasons for the cancellation of the trip that President Eduardo Frei was to have made to Sao Paulo, Brazil, on 18 June was also explained. On all these matters, we have the following report:

[Begin Minister Secretary General Joaquin Brunner recording] The president felt that this trip to Brazil to

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participate in a summit of Southern Cone presidents was irreconcilable at the present time with his intensive working agenda. The president felt that the current circumstances stemming from the climate of confusion created by the different opinions expressed in different sectors — and as I said, this is not directly related to the manner in which the ruling issued by the Supreme Court must be necessarily implemented... [end recording]

The minister secretary general of government released this report following a lengthy meeting held by the political committee together with the PPD presidents. With this meeting the participants reaffirmed the inflexible position of the government, as expressed on 13 June, that the Supreme Court ruling must be fulfilled. Minister Brunner said that the sentenced officers have been afforded all the opportunities and guarantees provided by the code of criminal procedures, and that the court proceedings were in keeping with those procedures.

He then referred to the Army commander in chief's remarks yesterday to the newspaper LA TERCERA DE LA HORA.

[Begin Brunner recording, in progress] ...the established place of detention: that is, the Punta Peuco prison. This prison has developed from a national law approved by all the political sectors, as it meets all the characteristics necessary to fully guarantee the safety of the sentenced individuals, who will find all the appropriate conditions for dignified treatment. For this reason we consider that the opinions released yesterday by the Army commander in chief are absolutely groundless. [end recording]

In addition to these meetings, President Frei received in his office Senate President Gabriel Valdes, who termed the country's situation serious but not abnormal.

Insulza Terms Gen. Pinochet's Remarks 'Very Regrettable'

PY1706032595 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1823 GMT 16 Jun 95

[FBIS Translated Text] Montevideo, 16 Jun (AFP-NA) — Chilean Foreign Minister Jose Miguel Insulza today labeled as "very regrettable" the remarks made by General Augusto Pinochet criticizing the Chilean judicial system for having sentenced two high-ranking military officers to imprisonment for the assassination of former Chilean Foreign Minister Orlando Letelier.

Insulza, who is paying a state visit to Uruguay, called a news conference in Montevideo today. He said: "The Chilean Government regrets that the Army commander in chief should have made disparaging comments about a branch of government, as is the judicial branch, which we should all respect."

He stated moreover that "institutionalization must also be respected in one's remarks and comments."

Insulza uttered these views after having learned about the publication in a Chilean newspaper of an "extract of an interview" with Gen. Pinochet. Pinochet was quoted as having said that he thought the ruling that convicted General Manuel Contreras and Brigadier Pablo Espinoza of murder and sent them to prison was "unjust."

The Chilean foreign minister made it clear, however, that "we must point out that there is no reference in that interview to the court ruling not being obeyed."

"On the contrary, (Pinochet) apparently says that although he considers it unjust, he will nonetheless abide by it. That is all right with us," he added.

Insulza thought it "odd" that the newspaper "should have published (on 15 June) only an extract of a longer interview that will be published on 18 June."

He said: "I do not know what the standard practice is in Uruguay with regard to the press, but in Chile interviews are either published in their entirety or are not published at all. It is not common to publish them in installments."

Having concluded a two-day official visit, the foreign minister returns to Santiago today. During his stay in Uruguay Insulza met with President Julio Maria Sanguinetti and with his Uruguayan counterpart Alvaro Ramos to "assess and deepen" bilateral relations.

Gen Pinochet Terms Letelier Case Ruling 'Unjust'

PY1606231195 Santiago LA TERCERA DE LA HORA in Spanish 15 Jun 95 p 4

[Article by Maria Eugenia Oyarzun]

[FBIS Translated Text] Referring to the ruling by the Fourth Chamber of the Supreme Court by which Retired General Manuel Contreras was sentenced to seven years' imprisonment, and Brigadier Pedro Espinoza to six years, Army Commander in Chief Augusto Pinochet yesterday told LA TERCERA DE LA HORA: "This was an unjust trial."

In a lengthy and exclusive interview, the full text of which will be published on 18 June, the former military president of the Republic said that the military operation by which Gen. Contreras was able to evade the siege of reporters, police, and other people on 12 June, in leaving his Viejo Roble country house to go to the "Admiral Adriazola" hospital at the Talcahuano Naval Base, was

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carried out with the purpose of preventing a general of the Republic from "being humiliated."

The Army commander also said that he agrees with the content of the message President Eduardo Frei read on the evening of 13 June, and said that the Army is an institution that has always obeyed the laws. He added, however, that "an 'ad hoc' court similar to that of Nuremberg was fabricated" to be imposed on the former chief of the dissolved National Intelligence Directorate (Dina), for political reasons. Although the Army commander did not give any names of the fabricators of this court, which according to him expressly decided to condemn two Army officers in whose innocence he firmly believes, his face filled with irony when we asked him to identify those people.

Gen. Pinochet, who was wearing his military uniform and presented a serene and cordial face, received LA TERCERA DE LA HORA at 0900 yesterday, and for two hours he answered all the questions we asked him, without previous notice, in relation to the ruling issued by the Fourth Chamber of the Supreme Court over the assassination of Orlando Letelier in Washington D.C. on 21 September 1976, which for weeks has shocked the judicial, political, and military sectors.

[Oyarzun] Do you think this was a trial against individuals or against the Army?

[Pinochet] I am not going to say it.

Banging the table with his hand, Gen. Pinochet said: "This trial was unjust."

[Oyarzun] Then it is void.

[Pinochet] I do not know how you should interpret it.

[Oyarzun] Jorge Schaulsohn, president of the Parties for Democracy (PPD), has criticized the Army for the expenditures that the Army has made to "camouflage" the departure of Gen. Contreras from his country house. What do you have to say about that?

[Pinochet] I think Mr. Schaulsohn is worried about the money. I congratulate him for that, because he is fulfilling his congressional role.

[Oyarzun] Why was all this operation set up?

[Pinochet] Because we had to take Gen. Contreras out of that farm to avoid humiliation. A circus had been set up there, and we had to prevent it. It was for this reason that we acted in this manner. We cannot allow a general of the Republic to be humiliated...!

[Oyarzun] But Gen. Contreras also left on Sunday, and went to the "Sangra" Regiment...

[Pinochet] No one has forbidden Gen. Contreras from going wherever he wanted. There was no restriction on that.

[Oyarzun] Wasn't Gen. Contreras' departure an Army plan?

[Pinochet] No, those things are too minor for planning.

[Oyarzun] And what about the 13 June operation when Gen. Contreras arrived at the Talcahuano hospital, eluding detectives and reporters? Was it planned?

Gen. Pinochet looks at us, winks his eyes, and with his index finger and thumb makes a gesture: "About this much. It is just a matter of efficiency."

Up[on being consulted on his opinion concerning an honorable place for the fulfillment of the sentence given to Gen. Contreras and Brig. Espinoza by the courts, the Army commander said: "The just thing would be that they be given a safe, honorable, and peaceful detention place."

According to Gen. Pinochet, both Contreras and Espinoza have been deprived of the "essential procedural rights belonging to any individual, rights they had while under the military court, which gave rise to an inadmissible state of defenselessness."

Pinochet said that for the military institutions a general of the Republic, although retired, always deserves military respect, and much more so in the case of Gen. Contreras who, in his judgement, carried out a great job when the country was in danger some two decades ago.

Referring to the sentence imposed on the two officers, the Army commander said: "It is absolutely obvious that the entire process was politicized, the historical explanation for which stems from our experience over the past three decades."

Colombia

Rebels Ask For Suspension of Arrest Warrants

PA1606134895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 16 Jun 95

[From the "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] The Army of National Liberation [ELN] has just asked the government to revoke Interpol orders for the arrest of the commanders of the Guerrilla Coordinating Board. This would be one of four steps to be followed to renew talks suspended since 5 June.

The ELN has also proposed that its spokesman, Francisco Galan, who is in prison, be taken, along with another guerrilla spokesmen, to the site where the second

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phase of the peace process — the direct dialogue — is to begin.

The ELN also proposed the creation, after consultations with friendly countries and humanitarian organizations, of an international peace protectorate that would guarantee the life and security of the spokesmen during the dialogue phase and watch for compliance with agreements, including Francisco Galan's return to prison.

The guerrilla group again categorically rejected any possible accusation regarding what it described as the San Antonio Park genocide, in Medellin, and proposed that the government and Interlodge [Interlogia] jointly ask the International Budget Commission [Comision Internacional de Impuesto] created by Article 9 of Protocol One of Geneva, to investigate this action and find the perpetrators. [sentence as heard]

In today's communique, on which the Caracol network has a scoop, the top leaders of the Camilist Union of the ELN — Manuel Perez Martinez, Nicolas Rodriguez Bautista, Antonio Garcia, Francisco Galan, and Felipe Torrest — set conditions for renewing talks and to proceed with the second phase of the process, the direct dialogue.

To renew the talks, the ELN asks for:

1. The revocation of the rewards measure.

2. A government statement on the death of ELN spokesmen Edgar Grimaldo and Carlos Reyes Nino, murdered on 20 March in Bogota.

3. A government statement making clear how the Armed Forces plans to respect international human rights by involving the civilian population in the civil war by means of security cooperatives.

4. The revocation of Interpol orders to capture the leaders of the Guerrilla Coordinating Board.

To initiate a direct-dialogue phase, the leaders of the ELN propose:

1. The first contact should take place at a site agreed upon by the commanders of the Coordinating Board and the government, and the possibility of holding it in La Uribe has not been discarded.

2. The possibility of the dialogue taking place in prison or outside the country has been discarded.

3. ELN spokesman Francisco Galan and other negotiators must be taken, with full guarantees, from El Monte and other prisons to the site where the dialogue will take place, allowing the necessary time for consultations between them and their command posts.

4. The ELN insists this process requires international backing and proposes an international peace protectorate be created to guarantee the life and security of the spokesmen and watch for compliance with the agreements.

ELN commanders have said a significant step has been taken with the establishing of radio communication and reaffirmed that their emissaries carrying letters, cassettes, and other documents require security guarantees.

The commanders ask that information on the peace process be unbiased.

In its final section, this communique adds: We insist on finding a political solution to the conflict. We ratify our decision to embark on this process as part of the Simon Bolivar Guerrilla Coordinating Board and propose the dialogue take place with basis on a decision to agree on the humanization of the war.

FARC Reportedly Kidnaps Congressman 'To Send A Message'

PA1706044695 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0402 GMT 17 Jun 95

[FBIS Translated Text] Santa Fe de Bogota — FARC [Revolutionary Armed Forces of Colombia] guerrillas tonight reportedly kidnapped Rodrigo Turbay Cote, representative to the Chamber of Representatives for Caqueta Department.

Relatives of the congressman told this station that, while Turbay was presiding over a political meeting with regional leaders in Paujil, a number of heavily armed men in military uniforms showed up unexpectedly and forced him to go with them saying they needed him to send a message to the government.

According to sources in Florencia, the department's capital, the kidnappers did not bother the persons who were with Turbay and assured them that he would not be harmed.

Seventy-two hours ago, the Supreme Court of Justice [CSJ] summoned Turbay, a former president of the Chamber of Representatives, for trial and ordered him under house arrest. CSJ's penal room issued a resolution accusing him of collusion in committing a crime. Several weeks ago, the CSJ lifted the accusation, released him on bail, and later ordered him under house arrest.

Turbay is being tried for demanding money from contractors for his political campaign in Caqueta Department.

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Miguel Rodriguez' Wife: He Wants To Turn Himself In

PA1706144995 Madrid EFE in Spanish 1335 GMT 17 Jun 95

[FBIS Translated Text] Santa Fe de Bogota, 17 Jun (EFE) — Narcotrafficker Miguel Rodriguez Orejuela, who is accused of being one of the two top leaders of the "Cali Cartel," wants to turn himself in to the authorities, but has not done so due to a lack of guarantees on the part of the Prosecutor General's Office and because of health problems, his wife Martha Lucia Echeverry has stated.

According to an official source, during a Friday search of his swank home in Cali, Echeverry added that her husband also has problems turning himself in because of harassment from the "Search Bloc," a special combined command of Colombian military and policemen, supported by U.S. agents, which is dedicated exclusively to pursuing the "Cartel" leaders.

Miguel Rodriguez' wife, who used to be a Colombian beauty "queen," said he is quite ill and hasn't been able to have the medical checkups and treatment needed because of police pressure.

Miguel Rodriguez, alias "El Senor," is a younger brother of Gilberto Rodriguez Orejuela, accused of being the number one in the "Cali Cartel." Gilberto Rodriguez, alias "the Chess Player," was captured one week ago by the "Search Bloc" in this city in southwestern Colombia.

"The Chess Player" is under arrest in La Picota high-security prison in Santa Fe de Bogota and has made sworn statements for several days before "faceless judges" whose identities are kept secret for security reasons.

Ecuador

Military Prosecutor Charges 5 Peruvians With Espionage

PA1706130595 Quito Voz de los Andes in Spanish 2300 GMT 16 Jun 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Military Prosecutor's Office has issued a ruling charging five Peruvians with espionage and saying that, if a War Council confirms the ruling, they could receive sentences of up to 16 years in prison.

Military Prosecutor Lieutenant Julian Cardenas outlined, in a 40-page report, the espionage activities conducted by Johnny Seminario Covenas, Jose Manuel Timana Sandoval, Jose Rojano Gonzalez, Jorge Antonio Maza Salinas, and Percy Raul Chavarria Leiva. The report issued in the Andean city of Cuenca, where the five Peruvians remain under arrest, was sent to the Military Court prosecutor in Quito, Lt. Colonel (Jorge Abarca), who should issue a statement in the next few days regarding the possible installation of the War Council.

Covenas, Timana, Rojano, and Maza were disguised as Catholic missionaries, according to Prosecutor Cardenas. They were caught in possession of maps, photographs, and documents of Ecuadoran productive installations. Chavarria Leiva is a noncommissioned officer in the Peruvian Army, specializing in military intelligence services, according to the prosecutor, and he was studying at the university in the border city of Machala.

Peruvian Army Arrests 30 Ecuadoran Street Vendors at Border

PA1706021495 Quito Voz de los Andes in Spanish 1700 GMT 16 Jun 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Quito — Huaquillas Police Inspector Luis Felipe Sanchez reported Friday that the Peruvian Army arrested approximately 30 Ecuadoreans at the Huaquillas International Channel as they engaged in informal commercial activities. Huaquillas is connected with Peru's Aguas Verdes by bridge.

The police officer reported that over the last 72 hours Peruvian soldiers have arrested approximately 30 Ecuadoreans, some of whom were arrested in the border neutral zone. Some of the detainees were forcefully dragged into Peruvian territory from the international channel, Sanchez told the media.

The reported arrests took place one week after the Ecuadoran Government unilaterally opened the commercial border with Peru. Peruvian Trade Minister Lilliana Canale said Peru will keep its border closed for commercial purposes until the safety of Peruvians entering Ecuador can be guaranteed.

The events in the international channel contradict the statements by the Peruvian minister. The commercial border between Peru and Ecuador was closed last January following the outbreak of the undeclared war between the two nations, which are disputing over 200 km of unmarked border on their common Amazon border.

(Angel Jumbo), president of the Huaquillas Chamber of Commerce, stated that one week after the border was unilaterally opened, the Peruvian Army doubled surveillance in the border zone neutral waters. Over the last few hours, the Peruvian Army has forcefully dragged some 30 Ecuadoran street vendors into Peru.

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Peru

Reopening of Border With Ecuador Tied to Safety Concerns

PY1506205695 Madrid EFE in Spanish 1747 GMT 15 Jun 95

[FBIS Translated Text] Lima, 15 Jun (EFE) — Peruvian Industry, Commerce, Tourism, and Integration Minister Liliana Canale reported today that Peru will keep its border with Ecuador closed until Ecuadoran officials decide to guarantee the safety of Peruvian citizens who travel into that country.

The minister made this announcement upon closing the meeting of the Peruvian-Ecuadoran Chamber of Commerce, held in Lima, during which the difficult situation of businessmen from the two countries due to the closing of the border was discussed.

Ecuador and Peru waged an undeclared war from 26 January to 28 February that focused on a hidden Amazon valley, but the Ecuadoran Government decided then to close the entire border with its neighbor.

On 8 June the Quito government decided to resume border trade with Peru, but Peruvian officials decided to close the border this time as there were no guarantees for the full safety of Peruvians entering Ecuadoran territory.

Canale today ratified the Peruvian position, saying that the Lima government will not resume its border trade with Ecuador until that country "provides full guarantees for the safety of Peruvian citizens on its territory."

According to the minister, the first thing that Peru expects is that Ecuadoran military officers withdraw "all the mines they have planted on the border, which have caused so far the deaths of several Peruvian and Ecuadoran civilian citizens."

She added: "If those mines are not withdrawn, our citizens would be running an extremely serious risk."

The second condition imposed by Peru is that Ecuador must guarantee that Peruvian citizens "will not be arrested or arbitrarily accused of spying or similar charges."

She also demanded the release of "all Peruvian businessmen who are held in Ecuadoran jails and unjustly accused of spying during the recent armed conflict."

The closing of the Ecuadoran-Peruvian border has caused "minimum damage, very little, to the Peruvian economy," while its effect has been "very harmful to the Ecuadoran economy," Canale said.

According to concrete figures, the minister said that while Peru has lost approximately $2 million because of the border trade suspension, Ecuador has lost approximately $6 million [figure as received].

Jan Mulder, president of the Lima Chamber of Commerce, confirmed the minister's report, and added that Peruvian exports to the Ecuadoran market dropped from $11.6 million to $9.7 million during the first half of the year.

"However, Ecuadoran exports to the Peruvian market have dropped from $41 million to only $6.7 million during the same period, that is, they have dropped almost 80 percent," Mulder said.

The meeting of businessmen closed by Canale was chaired by Mulder and by Pedro Delgado, president of the Ecuadoran-Peruvian Chamber of Commerce.

Minister Canale explained, however, that bilateral trade by sea and by air continues normally, and did not suffer too much from the effects of the conflict.

Canale also criticized the "barriers, controls, and forced transfers that prevent unrestricted trade" between Ecuador and Peru within the framework of the Andean Group integration project to which the two nations belong.

"When trade between our countries becomes normal, we hope it will develop without unnecessary restrictions that prevent an effective integration," Canale said.

Editorial Accuses Ecuador of Stalling, Blocking Peace

PY1406024095 Lima EL COMERCIO in Spanish 31 May 95 p A2

[Editorial: "Ecuador Blocks the Peace Process Once Again"]

[FBIS Translated Text] Once again the Ecuadoran Government has, deliberately and without regard for the customs, rules, and usage of international relations, jeopardized the culmination of the peace process established by the Itamaraty Peace Agreement.

In sum, following the strides made in the separation and demobilization of the two countries' military forces, the Peruvian and Ecuadoran Governments were to have approved the proposal for the demilitarization of the border area submitted by the guarantor countries of the Rio de Janeiro Protocol of 1942.

Nevertheless, despite the fact that Peru had endorsed this proposal, Ecuador publicly and officially voiced its rejection on the grounds that — according to high-ranking civilian and military spokesmen — the scheme is "inequitable" because it includes an area "where no combat took place" in January and February 1995.

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What is more, yesterday evening international reports confirmed the existence of a communique issued by the Ecuadoran Foreign Ministry stating that "General Cesar Duran — the deputy defense minister and liaison officer between the Ecuadoran Government and the Ecuador-Peru Multinational Observation Mission (MOMEP) — has submitted a counterproposal, the contents of which were not disclosed."

In this regard we deem it is absolutely essential to make some comments that are of fundamental importance.

First, it is once again obvious that, in what pertains to Ecuador's diplomatic moves, the Duran-Ballen administration is not reliable. The Ecuadoran and Peruvian Foreign Ministries had agreed to keep negotiations in total secrecy, avoiding a public debate that might hamper the endeavors made both by the guarantor countries and by the parties involved, until both countries agreed on a mutually acceptable proposal. This was enunciated in official Communique 001/95 by the CDN [National Defense Council] from the Peruvian National Defense Secretariat, which states that Brazilian Army Division General Candido Vargas de Freire had submitted the guarantors' proposal through a "'classified' memorandum."

Despite this, the Ecuadoran Congress president has not only publicized his country's official rejection of the proposal, but has also announced that the demilitarized area "will serve as a basis for a possible border demarcation."

Second, it is not true that the scheme devised by the guarantors is inequitable. Coangos, Teniente Ortiz, and Base Norte are well known Ecuadoran military bases and not just outposts, as they ought to be in a border area.

It is thus imperative to include them in the demilitarized area, because this is the only way to prevent Ecuador from using them to start an attack (even with missiles) from the high peaks of the Condor Mountain Range. Besides, as long as the Ecuadoreans can station their troops there, the adjoining Peruvian territory — which includes, among others, False Tiwinza — is reduced to a sort of shooting target for the enemy, with very little defensive capacity.

Third, it is absurd that Ecuadoran Congress President Heinz Moeller should mention that the demilitarized area would serve as a basis for a "possible border demarcation."

The boundary between Peru and Ecuador has been established and delimited in its entirety. There is nothing to negotiate. Only the final demarcation of a small tract is missing. Therefore the assertion by the Ecuadoran official — whose pomposity and aggressiveness against Peru are proverbial — is totally meaningless.

Fourth, the same should be said about the remarks made by Ecuadoran Defense Minister General Jose Gallardo, who stated that his country would not change its position.

One wonders, then, what the point is of a counterproposal by the Duran-Ballen administration. Does it intend to impose a solution on Peru? Is it once again attempting to distort reality through the manipulation of the news, so as to make Peru appear as the party that is thwarting the peace process?

Up to the time this editorial was written, Peru's reaction has been learned through President Alberto Fujimori, who contends that the Peruvian Government will wait until the guarantor countries analyze the two responses — the Peruvian one accepting the proposal, and the Ecuadoran one rejecting it — "so as to see the task through." He moreover pointed out that the "guarantor countries are supporting the parties so that they can come to an agreement."

We understand that, in keeping with the norms of diplomatic and international negotiations, the foregoing should have been Peru's official reaction. We also understand that our Foreign Ministry's information sources should maintain a certain confidentiality. Still, we believe that this time the government should not cede the political and information initiative to Ecuador, because — as has happened before — the manipulative and propagandistic Ecuadoran machinery will try to hit the headlines in order to expose Peru as the aggressor, despite the fact that it was Ecuador that invaded our homeland in January.

Furthermore, we Peruvians must be alert to what is becoming increasingly evident day by day, namely that Ecuador intends to wear down the guarantor countries by delaying or blocking the peace process in order to impose a settlement that departs from the 1942 protocol.

For the sake of peace — but avoiding giving any wrong ideas about our peaceable methods — we Peruvians must urge the guarantor countries and the international community to make Ecuador see sense and respect the law.

Nevertheless, given the reiterated seriousness of the case, we must support all actions that are conducive to reinforcing our borders and safeguarding our national sovereignty. We must equally demand that the Ecuadoreans put a stop to their official provocation campaign, because disparaging remarks like the ones just

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made by Ecuadoran Ambassador to Brazil Cesar Valdivieso about the honor of Peruvian heroes deserve a forceful response.

Fujimori Sees Growing Tourism as Sign of Peace

PY1606203595 Lima EL COMERCIO in Spanish 6 Jun 95 p A4

[FBIS Translated Text] Peruvian President Alberto Fujimori opened the ExpoCOTAL [Exposition of the Confederation of Latin American Tourist Organizations] fair, which is part of the 38th COTAL Congress (COTAL 95), on 5 June. In his speech, the president said that "the most effective way of measuring the extent to which the country has been pacified is the growth rate of tourism in areas beleaguered by terrorism just two years ago."

Fujimori emphasized that his administration's policy on tourism has been based on two premises: On the one hand, order, peace, and internal security; on the other hand, structural reforms, which have made it possible to take a modern, up-to-date approach to this issue.

By way of an example, he mentioned Ayacucho airport, which in just three years has gone from being a facility occupied by troops and armored vehicles, receiving two flights a week, to an airport that services four flights on a regular day, and 20 flights a day during Easter festivities.

He also stressed that domestic tourism increased significantly in 1994 and 1995, adding that the Lunahuana and Ingenio resorts deserve special mention.

"Peru has a very strong economy and it is very much aware of tourism as a source of wealth and jobs. Tourism is the second most important source of foreign currency for the country," Fujimori stated.

The president said he was pleased by the fact that Peru has been designated seat of the COTAL 95. He explained that he sees this as a sign of support for the work done during the last five years to create conditions that would stimulate the growth of tourism.

On the morning on 5 June Fujimori met with a delegation of representatives from the 18 countries participating in COTAL 95. Liliana Canale, minister of industries, tourism, integration, and international trade negotiations, also attended this meeting.

Uruguay

New Defense Ministry Information Director Installed

PY1506220295 Montevideo EL OBSERVADOR in Spanish 1 Jun 95 p 6

[FBIS Translated Text] Rear Admiral Oscar Luis Otero on 31 May expressed concern about international terrorism and drug trafficking as he took over as the new director of the General Information Directorate of the Defense Ministry (DGID). He was installed by Defense Minister Raul Iturria.

Otero said: "We are in contact with the agencies of friendly countries so that they can pass information on activities (like terrorism) that occur outside our borders."

He also expressed concern about the progress of drug trafficking, saying: "Today aggression is not carried out conventionally — with weapons — because drugs can also cause internal problems."

He indicated that the Defense Ministry's task is not just war, "it also participates in crises, in scenarios where blocs of interests are different from those faced during the (so-called) cold war."

Otero stressed that Uruguay could cooperate with the Cuban intelligence service "to exchange information that could be useful for them in various spheres," adding: "At this time we do not have relations with the Cuban agency because neither side proposed it."

The new DGID director maintained that his directorate carries out tasks "to prevent anything that can endanger or compromise the sovereignty or the national defense of the state."

Venezuela

Interior Ministry Says Caldera in 'Perfect Health'

PA1606170795 Caracas Venezolana de Television Network in Spanish 1550 GMT 16 Jun 95

[From "The News" newscast]

[FBIS Translated Text] The acting interior minister has categorically denied that the president is in poor health, as Hugo Chavez Frias told journalists.

Upon leaving Miraflores Palace, acting Interior Minister Raul Dominguez stressed that President Rafael Caldera is in perfect health, adding that Chavez's remarks are simply an effort to draw attention.

As may be recalled, Chavez Frias told foreign reporters that the chief of state is sick and his sons are reportedly

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preparing a coup d'etat to keep the Caldera family in power if the president's health deteriorates.

[Begin Dominguez recording] I just met with him, and there are no problems in this respect. We will have a president for a long time to come. [end recording]

Survey Shows 35 Percent Retail Sales Drop

95P20861A Caracas EL DIARIO DE CARACAS in Spanish 2 Jun 95 p 14

[By Raul Chacon Soto]

[FBIS Translated Text] Sales in the retail and service sector during the first quarter of this year decreased 35 to 45 percent in comparison with the fourth quarter of 1994. This is according to the results of the first survey carried out by Consecomercio [National Council of Commerce and Service]. The survey also shows that stores' retail margin or net profitability in the same period dropped from 14 to 11.5 percent in the case of the retail sector and to 12 percent in the case of services.

According to Raul Angulo, the head of the Consecomercio Economic Analysis Unit, both results simply reflect the difficult situation stores are experiencing. "The wholesale price index has increased more quickly than the retail price index, which has forced many stores to close. In addition, it should be noted that for every 100 bolivares that are earned through sales, 30 go to the national treasury. Thus in many cases the government obtains a higher income than the stores."

Another indicator that can be extracted from the study—which was done with a sample of 1,700 businesses in the capital area including hardware stores, pharmacies, supermarkets, office equipment stores, repair shops, dry cleaners, and laundries—is that 99 percent of those surveyed stated that the selling prices of their products had increased by an average of 30 to 40 percent. This figure contrasts markedly with the inflation rate for the first quarter of the year, which was 8.9 percent according to Central Bank of Venezuela data.

The Consecomercio economic analyst also stressed, as an example of the sector's deterioration, that the levels of stocks or inventories and fixed capital investment have dropped in comparison with the last quarter of 1994. In evaluating the causes given by the businessmen to justify the unfavorable situation for their businesses, 58 percent cite the economic controls, 26 percent the lack of confidence in economic policies, and 17 percent the reduction in Venezuelans' purchasing power. [figures as given]

Regarding the trend indicators, Angulo noted that 99.86 of those surveyed stated that the next quarter will be less favorable. This response also had an influence on their lack of willingness to make fixed capital investments this quarter, since only 69 percent of the businesses stated that they would do so.

Another significant figure released by Angulo is that during 1994 the retail and services sector lost 233,310 jobs, which represents a drop of 16.5 percent in this indicator since 1993. The Consecomercio representative emphasized the growth of the informal economy, which by the end of 1994 represented 49 percent of all jobs, a figure that in this quarter should reach 53 percent.

On this point, Consecomercio President Eliseo Sarmiento stated that they are studying some proposals to boost the formal sector. "We will call on the municipal councils to grant tax exemptions to businesses that create jobs."

On another point, with regard to the Consumer Protection Law, Sarmiento repeated that it is very probable that Consecomercio will challenge it before the Supreme Court of Justice, since it has some markedly unconstitutional elements.

Finally, he said that today they will meet with [Minister of Coordination and Planning Werner] Corrales to define the sectoral agreements for the anti-inflation commitment and review the situation of the products whose prices have not been raised.

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